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## Russians Welcome Ballerina at Airport

From Agency Dispatches  
MOSCOW, Aug. 28 — Bolshoi ballerina Ludmila Vlasova was welcomed with bouquets when she returned today to the homeland she left to marry her husband, Alexander Godunov, 30, who had insisted she be granted asylum by immigration officials here. She was being escorted to the Soviet Union while her troupe continued on to the U.S. as part of its U.S. tour. Authorities decided after talking with Miss Vlasova that she was leaving of her own will. She arrived in Moscow, Miss Vlasova, 36, declined to answer questions about her husband. She said her mother, Alexandra Drozhzhina, was with her. She was escorted to the airport by a Soviet official. She was welcomed by a crowd of people. She was escorted to the airport by a Soviet official. She was welcomed by a crowd of people.



Firing squad executes 11 Kurdish rebels in Sanandaj. They were sentenced on Monday afternoon after a summary trial.

## 'They Must Be Crushed' Khomeini Rejects Kurdish Peace Bid

From Agency Dispatches  
TEHRAN, Aug. 28 — Ayatollah Ruhollah Khomeini today rejected a Kurdish proposal for peace and refused to endorse a negotiated cease-fire, while Kurdish leaders met with officials in the government of Premier Mehdi Bazargan. Khomeini's hard line. According to the state radio, Ayatollah Khomeini said of the Kurdish offer: "The purpose is not that you negotiate with the criminal leaders. They must be crushed."

Kurdish Group  
Talks between the Kurdish delegation and government officials began yesterday amid fears of a major battle provoked by government attempts to restore authority in Mahabad, still held by Kurds armed with tanks, anti-aircraft weapons and artillery. Two columns of the Iranian Army were positioned less than 20 miles from Mahabad, but Kurdish leaders said they saw no signs of attack movements by the army. The state radio also reported that Ayatollah Khomeini today named Hajj Hossein Hosseini Kermani as his coordinator among the military, revolutionary and religious circles in Kurdistan.



A revolutionary militiaman in Tehran strikes a shopkeeper sentenced to 15 lashes after he was convicted of overcharging for food. It was the first public flogging in Iran's capital in 17 years.

## Scandal Figure in South Africa Pleads Not Guilty

PRETORIA, South Africa, Aug. 28 (UPI) — Connie Mulder, the former information minister for South Africa, pleaded not guilty today to charges that he refused to testify to a government commission investigating a scandal in his now-defunct ministry. In denying the charges, his attorney challenged the legality of the commission headed by Judge Rudolph Erasmus to subpoena witnesses. He also rejected the commission's findings. The charges arose from allegations that Mr. Mulder refused to testify under oath to the commission after being subpoenaed to appear last April. In its final report the commission accused Mr. Mulder and his former deputy Eschel Rhoodie of being the central figures behind the secret propaganda campaign that led to the scandal.

Newspapers to Reappear  
TEHRAN, Aug. 28 (UPI) — Several Iranian newspapers closed recently by the government will be allowed to reappear, a close aide of Ayatollah Khomeini said today. The aide, Sadeq Ghotbzadeh, the chief of radio and television, told the newspaper Bamdad that Ayatollah Khomeini did not want any of the freedoms of the country to be destroyed and did not want the state radio and television to be under government control. "The Islamic republic was not established to suffocate the people," he said.

## Prime U.S. Bank Rate Reaches Record 12 1/4%

From Agency Dispatches  
NEW YORK, Aug. 28 — Chase Manhattan Bank today became the first bank in U.S. history to raise its prime lending rate to 12 1/4 percent, a signal that interest rates are continuing to rise beyond their current high levels. The quarter-point increase by Chase, the third largest U.S. bank, is effective immediately and was quickly followed by the majority of the banking industry. The rate had been at the previous level of 12 percent only once before, in 1974 when the nation was undergoing its worst economic downturn since the 1930s. The Federal Reserve had moved last week to force up short-term interest rates in an effort to control inflation. The prime rate is the rate charged to the most credit-worthy corporate borrowers. It does not directly affect consumer interest rates, which are still at 12 percent at many banks, but it is widely regarded as an indicator. On Aug. 15, Chase raised the prime rate from 11 3/4 percent to 12 percent, equaling the record set during the 1974-75 recession. All major banks also matched that increase. The forecast that a higher prime was imminent was based on the steady increases in other rates in the money market, prompted by credit tightening by the Federal Reserve Board. Changes in the prime rate rank among the most publicized and many analysts believe, overblown events in the banking world. While the prime is an indicator, it is very often lagged behind other money market rates such as those on commercial paper and large certificates of deposits. An increase in the prime, as a result, only verifies that higher interest rates already exist. Still, changes in the prime rates do have an effect, both real and psychological. Interest rates on many commercial bank loans are pegged to the prime rate so that changes are passed to borrowers. In May, the Federal Reserve reported that 47 percent of both short-term and long-term bank loans of all sizes were being made with floating rates. New Borrowing  
Consumer loan rates are scaled upward from the prime and, of course, a select few borrowers, the large corporations, actually pay the prevailing prime rate for new borrowing. The psychological aspects of the prime have developed over the decades. (Continued on Page 2, Col. 6)

## 18 Hurt in Brussels Blast U.K. Cabinet Maps Response to Killing

By R.W. Apple Jr.  
LONDON, Aug. 28 (NYT) — Prime Minister Margaret Thatcher met today with key ministers to discuss British responses to the murder of Earl Mountbatten of Burma and 22 other persons, including 18 soldiers, by Irish Republican Army terrorists.



Dowager Lady Brabourne

No announcements were made after the meetings, but a highly placed official said political as well as security measures were discussed in the wake of the blackest day in the 10-year sectarian conflict in Northern Ireland. Publicly, ministers simply reiterated their determination to crush terrorism, but privately, they conceded that public opinion would demand some new initiative. In Brussels, the IRA reportedly claimed responsibility for an explosion today under an open-air stage in the Grand Place just as a British Army band prepared to perform. The blast injured 18 persons, Reuters reported. Brussels Mayor Pierre Van Halteren said tonight that the IRA made the claim in a telephone call to the City Hall, but police were not certain that the call was genuine. [The explosion occurred just before 3 p.m., as the 24-member Duke of Edinburgh's Royal Regiment Band was preparing to perform. Police said seven bandmen were among those hospitalized with cuts, bruises, concussions and shock, United Press International said.]

Three of the bandmen were kept in the hospital, but their condition was described as not serious. The others were released after treatment. Pressure for prompt British action was increased by a threat from the Protestant Ulster Defense Association to "take the law into its own hands" unless the government moved quickly to stifle the Roman Catholic-dominated IRA, which claimed responsibility for yesterday's separate attacks on Lord Mountbatten and an army unit. The UDA, which is thought to have stepped up training for its paramilitary arm, also called for the removal of Humphrey Atkins, the secretary of state for Northern Ireland.

renpoint, Northern Ireland, where 18 British soldiers and an Englishman on holiday were killed yesterday. It was the highest death toll since armed conflict broke out in 1969. One of those killed, Lt. Col. David Blair, 40, a battalion commander in the Queen's Own Highlanders, was the highest-ranking British officer to die in the struggle so far.

Returns to London  
Mr. Atkins then conferred in Belfast with security officials before returning to meet Mrs. Thatcher at 10 Downing St. Earlier, she talked with three other ministers — William Whitelaw, the home secretary; Francis Pym, the defense secretary; and Sir Ian Gilmour, the lord privy seal, who was standing in for the foreign secretary, Lord Carrington.

A fourth member of the Mountbatten party died this morning in an Irish hospital of wounds suffered when the earl's fishing boat, the Shadow V, was blown up. She was the Dowager Lady Brabourne, the 82-year-old mother-in-law of Lord Mountbatten's elder daughter, Patricia.

Before the British Cabinet, government officials said, lay a number of difficult questions: How can security be stepped up without repression? What sort of political initiative is possible without further enraging the Protestants? What (Continued on Page 2, Col. 3)

## Hua Plans U.S. Visit Next Year

By Jay Mathews  
PEKING, Aug. 28 (WP) — Communist Party Chairman Hua Guofeng has agreed to visit the United States next year, the first such trip for Peking's top leader. Vice President Mondale announced today. He said no specific date had been set.

At a press conference winding up two days and talks with Chinese leaders, Mr. Mondale also said he would open on Friday the first U.S. consulate in China in 30 years, at temporary quarters in the southern coastal city of Canton.

U.S. Ambassador to China Leonard Woodcock said the consulate would be headed by State Department official Richard Williams. Agreements signed this afternoon included provision for exchange of films, dance troupes, paintings and books in the next two years and for teams of U.S. government dam-building experts to help the Chinese with hydroelectric projects, their services to be paid for by the Chinese government.

On the way to the Great Hall of the People today, Mr. Mondale's car passed a group of about 100 shabbily dressed Chinese, including women and children, sitting in front of the entrance to the central leadership compound apparently to seek help for a number of personal grievances.

The demonstrators, most of them apparently from the province of Hunan, talked and sometimes argued with soldiers guarding the gate to the Zhongnanhai compound but as of early evening had been allowed to remain.

## Foreign Aid 'Giveaways' Bolster World's Shipyards Industry in Worst Slump Since 1930s

By Jonathan Kandell  
COPENHAGEN (IHT) — A few days ago, a 23,000-ton cargo ship, christened the Makran, slipped out of its construction berth in southern Denmark and steered a course for Pakistan. A Pakistani admiral and the ambassador were on hand for the launching ceremony, which also was attended by Danish government officials. But there was no publicity surrounding the event, not a word in the local newspapers. A brief circular released by the Pakistani Embassy neglected to mention the most essential point about the Makran: it was given to Pakistan as part of Denmark's foreign aid program on such generous terms — a 50-year loan at no interest, with a 10-year grace period on repayment — that it almost constitutes a gift. "This is an exception, and the government has decided it will not be repeated again," said Harald Nielsen, a foreign aid official, reflecting the uneasiness of the Danish authorities, who refused to disclose how much the ship cost. The Makran is an example of how acute the world's shipbuilding crisis has become.

The number of new orders for vessels has dropped so low that some industrial countries have decided to give away ships to developing nations, partly to meet foreign aid goals and partly to help to maintain business and jobs in shipyards at home. Such gifts could be construed as a form of government subsidy of the ailing shipbuilding trades. If the practice becomes widespread enough, it could delay further a return to profits and competitiveness in the industrialized world's shipyards. Spectacular Results  
No global figures are readily available on the number and value of ships given away free or on negligible loan terms. But there are indications that some Third World customers have been able to take advantage of the crisis facing the shipbuilding nations, occasionally with spectacular results. Last year, after the Pakistani government disclosed plans for a \$200-million expansion of the national fleet, its shipping minister, Mustafa Gokal, confidently announced: "My aim is to get the ships without spending the money."

Mr. Gokal's objectives were largely met when Japan and Poland agreed to supply 14 ships between them, entirely on credit, with a decade's grace period and 3-percent interest over the remaining 20 years of the loans. Japan has agreed further to build several more ships on similar terms in Pakistan. India is weighing rival \$100-million deals on ships from Britain and Poland. The British say that such a transaction would be part of their foreign aid program. Sweden is also considering a foreign aid scheme under which developing countries would receive all or part of the cost of buying Swedish-built ships. The Danes insist that the Makran is the only oceangoing freighter in their foreign aid program, but dozens of smaller inland or coastal vessels have been turned over to Bangladesh, Vietnam, Sudan and other countries through grants or on extremely favorable loan terms.

The growing generosity has emerged from the depths of the worst crisis to hit the shipbuilding industry since the 1930s. The seeds of the crisis were planted more than a decade ago, when industrialized nations rapidly expanded their shipbuilding capacity in anticipation of a growing demand for oceangoing vessels in the 1970s. But the sharp oil price rises of 1973 heralded a worldwide recession, and orders for freighters and tankers dropped precipitously. Last year, only 17.6 million tons in merchant ships were completed, the lowest figure in a decade. And in spite of world inflation, there has been no increase in the quoted price of most ship types since 1975. Tens of thousands of workers have lost their jobs as some shipyards closed and others stood on the brink of bankruptcy with less than a year's orders on their books. The resulting tension was dramatized this month when French shipyard workers attempted to prevent the departure of the liner Norway for West Germany for an overhaul, contending that the job should be done in France. The West German firm (Continued on Page 2, Col. 4)



in Moscow yesterday, Ludmila Vlasova, Bolshoi ballerina, met with a hug from her mother, Alexandra Drozhzhina.



## Growing Potential

## China's Oil Jumps to No. 1 Among Its Exports to U.S.

By Jay Mathews

PEKING, Aug. 28 (UPI)—Petroleum has jumped to the No. 1 position among Chinese exports to the United States, indicating its growing influence on the development of Chinese-American relations.

U.S. Commerce Department figures show crude oil accounting for more than 15 percent of U.S. imports of Chinese goods through May 31. About \$2.5 billion in Chinese crude oil products had arrived by that date. That figure has increased to about \$42 million for the first half of the year, according to incomplete figures available here.

The Chinese oil, now powering generators in California, represents only a fraction of U.S. oil imports, but it indicates China's growing potential in the international oil market and increased U.S. interest in developing sources outside the Middle East.

Vice President Mondale, during his wide-ranging talks with the Chinese, was expected to touch on growing economic cooperation with the Chinese and mutual energy problems. The Chinese are upset about delays in extending promised U.S. trade benefits to them, and appear to see their growing oil production as a way to encourage American cooperation.

Through June, Chinese-American trade is just below the \$1-billion mark, nearly the total for all of last year. The increased Chinese oil exports have helped the surge, along with heavy Chinese purchases of American corn, cotton and wheat, totaling \$278 million through May.

The jump in petroleum sales comes from a contract signed in November with the Chinese by Coastal States Gas Corp. to buy 3.6 million barrels of crude in 1979.

## South Korea Gets \$1-Billion Loan For Atom Plants

WASHINGTON, Aug. 28 (AP)—The Export-Import Bank announced yesterday it has given preliminary approval to a loan of \$1.17 billion to help finance construction of two nuclear power plants in South Korea. It is the largest loan ever voted by the bank.

The loan, which is subject to congressional review, would finance U.S. export sales for the construction of the nuclear plants, each to have generating capacity of 997 megawatts. The plants will be built by the Korea Electric Co.

The Westinghouse Electric Co. of Pittsburgh has been selected to provide the nuclear steam supply system, turbine generators and fuel fabrication. U.S. firms will also assist in other features of the construction.

The Export-Import Bank loan carries an interest rate of 8 percent. The bank is also providing a guarantee covering up to \$206 million in additional local costs.

The bank is an independent U.S. government agency which assists the sale of U.S. goods and services to other countries by providing financing at preferential rates of interest.

The petroleum is being used by power stations of Pacific Gas and Electric Co. in San Francisco and Los Angeles Water and Power Co.

At least 10 American companies, along with several other foreign oil explorers, have signed agreements with the Chinese in recent months to conduct seismic surveys along China's eastern and southeastern coasts. Geologists have speculated for years that the area has rich oil potential. Chinese Petroleum Ministry officials told visiting Sen. Henry Jackson, D-Wash., this month that one southeastern offshore well had struck good quantities of highly marketable, low-sulfur oil, good for refining into gasoline.

China at the moment exports about 10 percent of the 105 million metric tons, or 730 million barrels, it produces each year. The annual production continues to increase, but at a somewhat declining rate, and the Chinese seem anxious to bring in foreign experts to develop more untapped resources. Up to now its top exports to the United States have been textiles, fireworks, metal and even bamboo baskets.

The Chinese need to increase sharply their export income in order to pay for increased imports of grain and foreign technical equipment to build up their economy.

"Oil will play a leading role in making the foreign exchange," Sen. Jackson said last week. He added that Peking was now moving to bring foreign technical experts and equipment in significant quantity to develop new onshore, as well as offshore, wells.

Japan purchases by far the most Chinese oil, despite complaints from some Japanese firms about the high cost of oil from the major Chinese onshore field, Daqing. Chinese oil products also go to the Philippines, Thailand, Brazil, France and Italy.

A spokesman here for Sobil Chemicals Inc., co-signer of the Coastal States agreement, indicated its company and Coastal have agreed to buy more Chinese petroleum but would not say how much or at what price. Other U.S. companies interested in purchases have also approached the Chinese, and one is reportedly marketing Chinese oil in Asia.

## Rail Crash Kills 8 In Netherlands

NIJMEGEN, the Netherlands, Aug. 28 (UPI)—At least eight persons were killed and 23 seriously injured today when a crowded commuter train collided with an empty passenger train in eastern Holland. At least 10 persons were killed and still trapped in the wreckage.

A railroad official said that it appeared the empty train was derailed while the commuter train was passing it.

Rescue units continued searching for dead and injured. "As soon as we have everyone out, we will start an investigation," the official said. He said that about 700 persons were aboard the commuter train, but added there was no way of telling how many still were trapped in the wreckage.



A strong explosion ripped apart an open-air stage in central Brussels' Grand Place square yesterday and injured seven British musicians and 11 others. The Duke of Edinburgh Royal Regiment Band was preparing to give a concert on the stage when the blast went off. City officials reported a telephone caller said the Irish Republican Army claimed responsibility for the explosion.

## U.K. Cabinet Maps Response to Killing

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role is appropriate for the government of the Irish Republic, which condemned the murders with unusual force.

In Dublin, leading figures in the government began considering the possibility of a meeting at ministerial level with their colleagues in London, pending the return of Premier Jack Lynch from vacation in Portugal on Thursday. They are also reportedly studying the implications of the day of violence for the visit of Pope John Paul II to the Republic next month.

The Irish Times said in an editorial that because Lord Mountbatten had been killed within the boundaries of the Republic, "the world will hold responsible for his death our people and in particular the government."

But police officials made it clear that the World War II hero and last viceroy of India, who will be given a state funeral at Westminster Abbey a week from tomorrow, had resisted security precautions. In particular, he had refused to accept an armed guard because, he said, that would make it impossible for him to mingle with the local people.

Scotland Yard sources said that a new effort to convince all important personages to accept bodyguards could be expected. Security was discreetly stepped up, meanwhile, at Balmoral Castle in Scotland, where Queen Elizabeth II is currently staying.

A Tory member of Parliament, Tony Marlow, today urged that the House of Commons be recalled from holiday to debate the situation. Another Conservative, Eldon Griffiths, said that Lord Mountbatten's death might lead Parliament to restore the death penalty for terrorist murders. His bill to legalize the death penalty was defeated earlier this year.

A large number of persons urged tough new police and military measures, but others said that these had been tried before without any significant success.

## 25 Spain Mayors Staging a Protest Over Atom Plant

BADAJOS, Spain, Aug. 28 (UPI)—Twenty-five mayors of all political persuasions today began an indefinite sit-in to protest government plans to build a U.S.-supplied nuclear plant at Valdecaballeros in Extremadura.

The mayors, staging their protest in the city hall of Villanueva de la Serena, a small town on the Guadiana River, said they were prepared to paralyze municipal life to get the nuclear project killed.

"We are convinced we can block the plant," a spokesman for the mayors said. "What matters to us is to protect the water of the Guadiana. With two dry years, we are left without water. The same will happen if the nuclear plant (a boiling water reactor) is built."

Ending three years of inactivity on the nuclear front, the government last week authorized the construction of two new nuclear plants—a 1,032-megawatt unit at Trillo in central Spain and a twin 975-megawatt plant, supplied by General Electric, at Valdecaballeros.

The protestors—Communists, Socialists, centrists and independents—said the government failed to consult with them on the licensing of the new plant and ignored a telegram that councillors sent last week to Premier Adolfo Suarez.

On Saturday, the Soviet authorities lodged a tough formal protest with the State Department, reportedly followed by a somewhat more conciliatory message from Mr. Brezhnev to Mr. Carter. Mr. Carter reportedly replied along the lines of the public statement, that the principles of determining whether Miss Vaslova wanted to leave on her own had to be upheld.

The State Department ordered the plane grounded at 5 p.m. Friday, shortly after the ballerina boarded the jet escorted by eight

men believed to be Soviet security agents.

The Russians initially rejected U.S. requests for a private meeting with the ballerina outside the aircraft, then allowed a meeting in the presence of Soviet authorities in a vain that rolled into place next to the plane.

Donald McHenry, the chief U.S. negotiator at Kennedy throughout the three days of negotiations, said after meeting Miss Vaslova that she had convinced him it was her free decision to return. "We asked if anyone had threatened her and she very humbly asked, 'Do I look like I've been threatened?' I must confess she just looked like a ballerina."

U.S. officials asked Miss Vaslova if there was anyone she wanted to see before she returned to the Soviet Union, an obvious reference to her defector husband, Mr. McHenry said. "Her answer was, 'Nyet.'"

Yevgeny Makeyev, a Soviet diplomat, said the 52 other Soviet passengers had chosen to remain aboard the aircraft with Miss Vaslova as a matter of "proletarian solidarity." Fifty-nine passengers, including 49 Americans, left the plane Saturday, and an American woman and a Peruvian man were allowed to board before takeoff yesterday.

Mr. Makeyev said he was certain that Miss Vaslova will tour again with the Bolshoi outside the Soviet Union. "She is a nice lady and a patriot of her country," he said. "She hopes her husband will come back to her and his country."

Large Subsidies

In general, however, governments have not shied away from protectionism. A worldwide collapse of the shipbuilding industry probably has been averted only by large government subsidies—more than \$1 billion a year in the Common Market countries alone.

Most of the subsidies have been direct grants or soft loans. In other cases, the state has taken over shipyards. There have been imaginative schemes under which governments buy vessels and lease them to shipping companies, or simply mothball them in expectation of an eventual market recovery. Many governments offer cheap credits to yards building ships for export. And foreign aid programs are also serving as a prop.

The subsidies may only be postponing the day of reckoning for many shipbuilders. Even if the market begins to recover, an increasing share will be taken by cheaper, more efficient builders in developing countries like South Korea and Brazil and by the Soviet bloc. Last year, for the first time, countries outside Western Europe and Japan cornered more than 30 percent of world ship orders.

Of the major Western shipbuilding countries, only Denmark has refused to grant its industry direct government subsidies. This is partly in recognition of the belief that a small country like Denmark can only survive in an international market of free trade and competition, and partly because the Danish government does not have the resources to subsidize a large industry like shipbuilding. "We cannot compete with the treasures of other, bigger countries," a Commerce Ministry official said.

The embarrassment of the Danes over their failure to keep their record on subsidies unblemished while they continue to press their arguments abroad against state support of shipbuilding. Officials here maintain that the donation of smaller inland vessels to the poorest developing nations has been part of their foreign aid program since the 1960s, well before the shipbuilding crisis erupted, and that such donations are not an important factor in propping up their own shipbuilding industry.

By the end of last year, orders from Danish shipyards were at only one-seventh of the 1972 level. In the last four years, employment in the industry has dropped from a peak of 17,000 to about 9,000, in a country where the jobless rate hovers above 9 percent.

"If there are no increases in orders for new ships, the numbers of employed will drop to 5,000 within a year," Commerce Minister Anne Christensen told Parliament this month. He also warned that two or three shipyards might close.

Officials maintain that the Danish shipbuilding industry does not have the overmanning or structural problems of other nations' yards. The industry here has made efforts to achieve reasonable degrees of specialization in different types of vessels and to improve equipment and the technical expertise of its work force.

But with strong political forces at work to limit the decline in employment in their nations' yards, a recent Commerce Ministry report noted, "It would be unrealistic to imagine that Denmark could effectively combat the odious practice of subsidies in the short term."

The report went on to point out that not even financing the sale of ships to developing countries through foreign aid offers significant support for the industry.

"As privately owned enterprises that take the final responsibility to try to maintain production and employment," the report concluded, "the country as a government agency can do little to help a policy of sink-or-swim."

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## Casualties of Israeli Strikes

## Begin Cites Grief for Lebanese

By David K. Shipler

JERUSALEM, Aug. 28 (NYT)—Prime Minister Menachem Begin said last night that the incidence of civilian casualties from Israeli strikes into southern Lebanon "causes us deep grief and sorrow," but that the pre-emptive strikes against Palestinian guerrilla bases had "saved the lives of many Israeli citizens."

Mr. Begin made his comments during a question-and-answer period with leaders of the United Jewish Appeal. The remarks were not recorded, but were reported from the handwritten notes of an aide, Dan Patir.

The prime minister reportedly went into some detail on Lebanon, where rightist, Christian-led forces armed by Israel have been fighting PLO commandoes and Lebanese leftists. Israeli air attacks, naval bombardment and raids by ground troops have kept the guerrillas on the defensive, Mr. Begin said.

"Lebanon has been used as a sort of base for terrorist attacks against Israel," Mr. Patir quoted the prime minister as saying. "We are trying to hit the terrorists at their bases prior to their actions against Israel."

## Prime Rate Hits 12 1/4%

(Continued from Page 1)

ades since the 1930s when large banks first began the practice of raising their prime lending rate, which at the time was 1 1/2 percent.

Because of its visibility, the prime rate has been the focus of criticism against banks. In 1974, when money market rates actually called for a prime at least a point higher than 12 percent, banks held their prime at that level in the face of attacks, particularly from politicians and labor leaders.

Those attacks for the most part have not been duplicated this year since interest rate increases have gained broader acceptance as a means of fighting inflation.

Analysis note that with inflation running at an annual pace of more than 13 percent for consumers, a prime rate under this actually results in a negative real interest rate because borrowers will be paying back their loans in dollars worth less than at the time the interest was applied.

## Cambodia Reopens Port

BANGKOK, Aug. 28 (AP)—Cambodia reopened the country's only deep water port, Kompong Som, to foreign vessels today, Phnom Penh radio said. It had been closed since Vietnamese-led forces took control of Cambodia in January.

## 'Giveaways' Prop Shipbuilding Industry

(Continued from Page 1)

will refit the Norway, formerly the France, for about \$40 million; the rival bid by a French consortium reportedly was as much as 80 percent higher. French labor groups faulted the government for failing to intervene. And in Britain recently, unions protested vehemently when the government signed a contract to purchase several ships from Finland.

The subsidies may only be postponing the day of reckoning for many shipbuilders. Even if the market begins to recover, an increasing share will be taken by cheaper, more efficient builders in developing countries like South Korea and Brazil and by the Soviet bloc. Last year, for the first time, countries outside Western Europe and Japan cornered more than 30 percent of world ship orders.

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"From time to time they go at the end of the guerrilla they are smiling. I don't know what happens next."

## Policy Endorsed

TEL AVIV, Aug. 28 (UPI)—Members of the Israeli Knesset Security and Foreign Affairs Committee met with Defense Minister Ezer Weizman today and endorsed the government's campaign against Palestinian guerrillas in Lebanon.

"What is clear is that the against the Palestine Liberation Organization in Lebanon is a national affair and it does not itself to routine solutions," Moshe Arens, the committee man. "Therefore, on a long basis, the Israeli government the defense forces have been changing tactics from time to time."

Mr. Arens said that a overwhelming majority of the committee, which includes members major opposition parties, endorsed the government policy.

## Cairo Halts To From Tel Aviv By Top U.S. J

TEL AVIV, Aug. 28 (UPI)—Cairo for 300 U.S. Jewish hours before departure because group was to fly in Israeli direct from Tel Aviv, a U.S. Appeal official said yesterday.

The official said the test planned well in advance in nation with the State Dept. "It had been agreed in principle that there would be no problem."

But late last night, after officials tried vainly to win approval for the flight on the phone hot line between Jerusalem and Cairo, the Egyptian government, the official said.

The group was to leave Tel Aviv today and return late afternoon.

## Greece Facing Dilemma Over PLO Recognition

By Chris Eliou

ATHENS, Aug. 28 (IHT)—The Greek government is faced with a dilemma on the question of recognition of the Palestine Liberation Organization. The problem revolves around whether to upgrade relations with Israel and at the same time extend full diplomatic recognition to the Palestinian movement, or to sit back and face the wrath of both sides.

A controversy which erupted recently between the government of Premier Constantine Karamanlis and the major Socialist opposition party of Andreas Papandreu, backed by the Communists, over allowing the opening of a PLO office in Athens, is still smoldering.

The question of PLO recognition was raised by an article in a pro-government daily, Kathimerini, and started a wrangle between the government and the major parliamentary party Pasok, two days after Turkey formally announced the establishment of a PLO office in Ankara.

At a press conference yesterday, a man identified as a PLO spokesman—although he declined to give his name for security reasons—said that the movement would have no objection to full diplomatic ties between Greece and Israel as long as Athens extends full recognition to the PLO and allows it to operate an office in Athens.

He said: "What we seek is the right to self-determination, an independent state, and the right of the refugees to return to their homes. Present-day Palestinians do not share the view of the Arab leaders that the Israelis should be thrown into the sea. Palestinians and Israelis can live together, provided that the latter give up their racist ideology."

In its official proclamations, Greece has advocated implementation of UN resolution 242 on withdrawal of Israeli troops from occupied Arab lands and return of the Palestinian refugees to their homes. But that was as far as it went.

Opposition leaders and political pundits alike now argue that this diplomatic move by Turkey—with whom Greece is still entangled in a long dispute over Aegean seabed rights to air space—will undercut Greece's role of serving as a bridge between the European Common Market countries and the burgeoning Arab world, with which Greece has long cultivated special ties.

Commenting on reports that the Greek government was weighing the possibility of recognizing the PLO, Mr. Papandreu charged that this was a "fundamental error in its foreign policy."

"Our government is not in a position to appreciate the importance and significance—so far as our relations with the Arab states are concerned—of the fact that Ankara has already recognized the PLO and authorized the establishment of a diplomatic office in Turkey," Mr. Papandreu asked.

At the same time, he called for immediate recognition of the PLO as "the sole representative of the Palestinian people" and establishment of "diplomatic relations with the movement."

Kathimerini's columnist George Drossos observed, however, that not all the Arab countries—Egypt for one—would be pleased with a PLO office in Athens and maintained that Greece's recognition of the PLO would entail normalization of diplomatic relations with Israel as well.

All the European Economic Community countries, he pointed out, have full relations with Israel, while the community itself has a special relationship with the Jewish state (to which Greece has granted de facto recognition).

"It's an asphyxiating squeeze on Greece," said a Western diplomat, who underlined the fact that several Arab countries such as Libya, Syria and Iraq, which had recently pledged adequate supplies of oil to Greece, have been discreetly urging recognition of the PLO.

"The velvet glove pressure on Greece to extend de jure recognition to Israel, as a Greek politician described it, was subtly applied by certain EEC countries, only last May, just before the signing ceremony of Greece's accession to the European Community."

Recognition of the PLO and not of Israel, as the politician put it, would displease the powerful Jewish lobby in the U.S. Congress. This was something surely to be avoided especially at a time when the Greek lobby has been doing its utmost in pressuring Washington to shift its stance—perceived by most Greeks as pro-Turkey—on vital Greek problems, such as the Aegean dispute with Turkey and the Cyprus question.

So far the Greek government would appear to be stalling on the issue, seemingly undecided as to how to solve the PLO-Israel dilemma, described by a diplomat as a "veritable 'no-win' Damocles."

As recently as last month, when Greece announced the establishment of diplomatic relations with the Vatican, Foreign Minister George Rallis declared that Athens has no intention of changing its Middle East policy for the time being.

And as a Foreign Ministry source said this week: "The situation being as fluid as it is and with the PLO issue pending before the UN Security Council, Greece is opting for a policy of wait and see."

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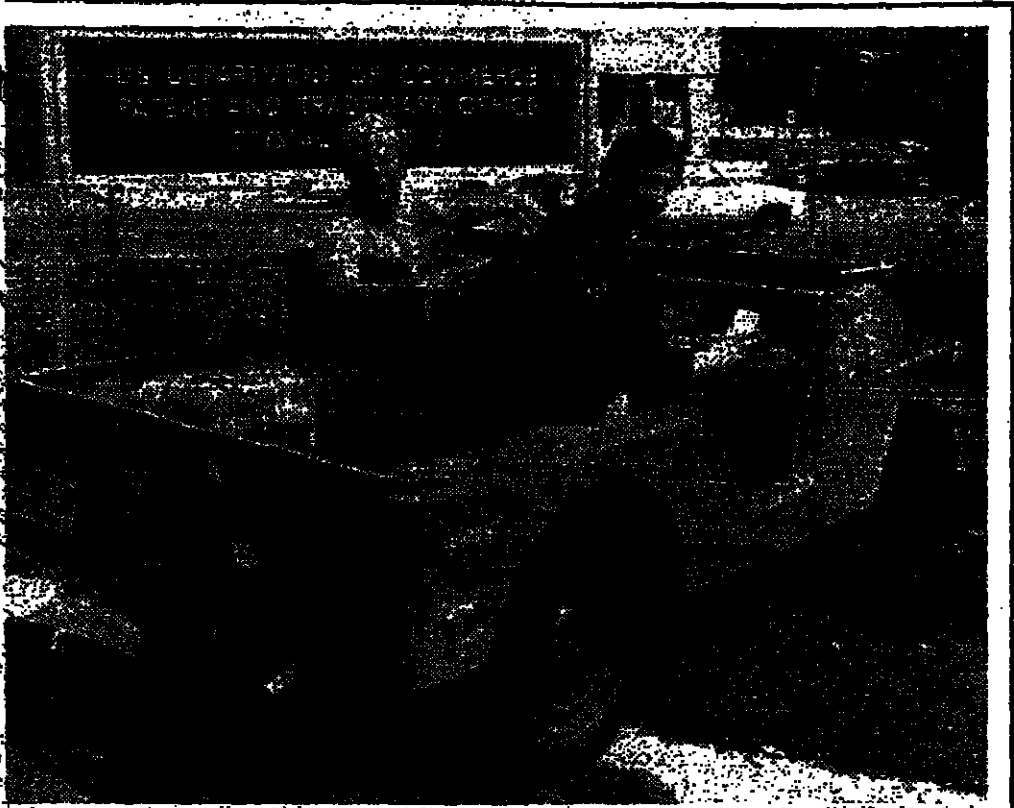
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**TENTLY EFFICIENT** — Parking his "econocar" in front of the U.S. Patent Office in Washington on Monday was the best protest Tony Fini (left) of Hamburg, N.Y., and his son, Ismet Rufat, thought they could make against red tape that Mr. Fini claims is delaying a patent on his high-mileage car. Mr. Fini reports he drove the home-made vehicle 474 miles between Buffalo and Washington and only used a little more than nine gallons of gas.

### Despite Calls for Higher Spending

## Urter to Hold Arms Budget Rise to 3%

By George C. Wilson

WASHINGTON, Aug. 28 (UPI) — President Jimmy Carter administration is sticking to its goal of a 3.1 percent increase in defense spending, inflation rather than a 3.4 percent increase in defense spending.

Administration officials, in statements yesterday, said that the 3.1 percent increase in defense spending is the best they can do to maintain an adequate balance with the Soviet Union.

Brown's statement put him at odds with influential senators as Sam D. Co., and Henry Jackson, D-Wash., have called for a 4.5 percent annual increase, indicating the extra spending.

## S. Urged to Protect pipelines

WASHINGTON, Aug. 28 (UPI) — A prolonged disruption of the S. crude oil or petroleum pipelines by earthquakes, sabotage or other causes could trigger energy shortages worse than the oil embargo, a government report said yesterday.

General Accounting Office accused both government and private industry of neglecting a security despite general agreement that key pipeline systems are vulnerable to disruption.

Report called on Congress to order the secretary of energy to enforce minimum security standards and make plans with energy shortages and result from disruptions.

O recognizes that no level of security will be fail-safe, highly motivated, well-sabotaged," the report said.

Physical security measures such as locking gates and using personal identification, precautions which may be persons who are less than 100 so well-trained.

## 7 Canceled Strikes or 7 GM Plants

TOIT, Aug. 28 (AP) — The Auto Workers union has not to strike seven General Motors plants after holding talks with the company.

Although talks have not the wage-barring stage, Vice President Irving Blue-

would be necessary to make SALT-2 an acceptable risk.

But Mr. Carter, Mr. Brown and other administration executives have concluded it will be hard enough to get the majority of Congress to go along with a 3.1 percent increase, once the extra billions required are totaled up, much less try for 5 percent.

The administration plans to ask Congress this fall for a \$2.5-billion supplement to the Pentagon's budget in the next fiscal year to make up for buying power lost to inflation.

The Senate Budget Committee, on the eve of Congress' August recess, declined to raise the national defense ceiling high enough to provide the 3.1 percent real increase.

Also, the House defense appropriations subcommittee, after reviewing the Pentagon's request for next year, cut the amount by \$2.2 billion.

Unshared View

"I do not share that point of view," that holds that the SALT-2 treaty "can only be ratified if it is accompanied by a massive increase in federal defense spending," said chairman Joseph Addabbo, D-N.Y., in announcing his House subcommittee's action just before the August recess.

The administration, after sorting through conflicting advice from Congress and the Joint Chiefs of Staff, chose a plan that calls for the 3.1 percent real increase between this fiscal year and next as well as an unstated number of subsequent years.

Administration officials warn that while a 3.1 percent or 5 percent increase after inflation may not sound like much, when the projected inflation rates are computed, the resulting numbers become so large that Congress is likely to balk at providing the money.

The Senate Budget Committee, in projecting what such increases would involve in terms of future dollars, figures that spending would have to jump from \$130 billion in the next fiscal year to \$197 billion in 1984 to provide 3.1 percent real growth annually.

To achieve a 5 percent increase, the committee computed, the Pentagon budget would have to total \$216.6 billion by 1984.

Spending Lag

Because spending lags behind Congressional appropriations, the totals that would have to be voted each year to achieve those percentage increases would be even larger.

To fund the national defense budgets that Mr. Carter has already submitted for achieving a 3.1 percent

**Synanon Leader To Stand Trial**

LOS ANGELES, Aug. 28 (UPI) — Charles Dederich, founder and head of the Synanon drug rehabilitation group, was ordered yesterday to stand trial for conspiracy to commit murder in the ruthless attack on an attorney last year.

Mr. Dederich, 66, was also ordered to stand trial on charges of conspiracy to commit assault with the likelihood of great bodily injury and conspiracy to commit assault with a deadly weapon — the 4½-foot snake that was left in the mailbox of lawyer Paul Morantz.

Mr. Morantz, who had won a \$300,000 judgment against Synanon shortly before the attack, was bitten on the hand by a rattlesnake when he reached into his mailbox. Two other Synanon members accused of planting the snake were earlier ordered to stand trial on charges of conspiracy to commit murder and assault.

increase, the committee estimated, would require Congress to approve \$136.8 billion in the next fiscal year and \$189.4 billion in fiscal 1984.

But using the higher inflation rates projected by the Congressional Budget Office, the committee calculates that budget authority would have to jump from \$141.2 billion in the next fiscal year to \$213.8 billion in fiscal 1984 to give the Pentagon a constant, 3.1 percent real growth.

To achieve 5 percent, the money voted for the Pentagon would have to start at \$144 billion in the next fiscal year, according to the Senate Budget Committee and keep rising every year, hitting \$235.5 billion in fiscal 1984.

**To Reduce Frequency of Shootings**

By Margaret Gentry

WASHINGTON, Aug. 28 (AP) — Jim Fyfe is a powerfully built man standing well over 6 feet. He drinks beer and smokes cigars and spins out tales of the violence and pathos and humor of enforcing the law for 16 years in New York City.

Not long ago, Mr. Fyfe traded his 38-caliber special and police lieutenant's badge for a doctorate. Along the way, he studied police abuse of firearms and how to curb it.

Mr. Fyfe found that a policy change at the top, made clear to officers at all levels and strictly enforced, could drastically reduce the frequency of police shootings.

That sort of policy change is what the Justice Department hopes to accomplish with its unprecedented federal court suit against the Philadelphia police department.

After Houston police made policy changes, Justice Department officials decided it was unnecessary to file suit there, Attorney General Benjamin Civiletti said recently.

Police critics in Houston and elsewhere argue that a restrictive

policy alone cannot wipe out use of unnecessary force by police. Mr. Fyfe agrees that the policy must be accompanied by a high-level commitment to punish violators. Minor penalties, frequently imposed, may be more effective than harsh punishment used more reluctantly, he said.

A change to a definite policy — with a commitment — occurred in New York in 1972. That was when Patrick Murphy was police commissioner and imposed a policy that:

- Reminded officers "to preserve and protect life wherever possible."
- Instructed them to employ the minimum amount of force necessary to accomplish a mission.
- Prohibited officers from firing a gun where lives of innocent persons would be endangered.
- Prohibited firing at a moving vehicle.
- Stated that officers carry guns "for personal protection against

persons feloniously attacking an officer or another at close range."

Before then, officers had been guided only by a vague law allowing shooting to defend life or to apprehend an escaping suspect charged with a serious crime. That is the tradition in American policing.

The practice of shooting at fleeing felons has produced much of the current controversy, particularly when the suspect turns out to have been innocent.

The Murphy policy also required officers to file lengthy written reports every time a gun was fired and appointed high-level police officials to a review board to judge the propriety of each shooting.

The policy, with only minor changes, remains in effect today.

# Indochina Refugees Strain California Social Services

By Penelope McMillan

LOS ANGELES, Aug. 28 — No matter where Indochinese refugees are resettled in the United States, they are moving, in a persistent and continuing "secondary migration," to California.

Already, 100,000 of the 212,973 Vietnamese, Laotians and Cambodians resettled in the United States since 1975 have moved into the state, according to a federal estimate.

They apparently come partly because of the warm climate, which is similar to that of their homelands, and partly because large Asian communities are already here, making assimilation easier.

But the concentration has caused several problems in funding and services.

- A 49-percent jump, from 26,900 to 39,980, in refugees on welfare in California over a nine-month period ending last May.
- A strain on service agencies and voluntary groups handling the influx.
- Congressional delays in funding Indochinese refugee assistance programs, with possible repercussions for California taxpayers.

Los Angeles County has been a particular magnet for the refugees, who number an estimated 60,000 here, and local volunteer and government agencies indicate they were caught largely unprepared.

The result, one employment counselor admitted recently, is that many newcomers "fall through the cracks" in the system and receive little help in their adjustment.

"They are thrown into the community. They cannot find jobs, they don't have furniture, just sit on the floor," C.P. Cheung, a professor at California State University, Los Angeles, said this month when he formed a group of Los Angeles residents of Chinese background to help the newcomers.

"They have all kinds of daily survival problems," he added. "They are just forced into welfare programs."

The volunteer groups in charge of resettlement say the needs of the recent refugees are even more severe than those who came after the fall of Vietnam in 1975.

"The ones who came in 1975 were more educated," said Sister Susan Kam, director of the Catholic Welfare Bureau's Los Angeles County Indochinese social service project. "Now they speak less English, they're more poorly educated, they don't even know how to use a bathroom, a shower, don't know what to do with a stove — things we take for granted."

"All the voluntary agencies have been trying to sponsor refugees in areas where there are jobs," said Lucy Lau of the Lutheran Immigration and Refugee Service in Los Angeles. "It's been useless, because they move here afterwards. Until now, welfare and medical assistance for the refugees has been fully reimbursed by the federal government under the Indochina Migration and Refugee Assistance Act."

But that act expires at the end of September and, while Congress in early August authorized \$108 million for the State Department's overseas refugee efforts, it has not passed new legislation or continuing legislation for assistance at home.

The result is that, while President Carter doubled the national quota from 7,000 to 14,000 refugees a month, many refugee services are winding down.

And instead of comprehensive planning, the preparation for the influx has been, according to Michael Rosen of the New Immigrant Task Force in Hollywood, "a Band-Aid kind of approach."

In Los Angeles, the number of new refugees entering from overseas camps exceeded 1,000 last month. The secondary migrants from other states numbered at least 450, judging from assistance applications.

Yet, at the same time, federally funded programs for English-language training, job training and placement designed to keep refugees off welfare have been severely cut.

Resettlement here is handled officially through such major voluntary agencies as the Catholic Welfare Bureau, International Rescue Committee and the Church World Service. Under contract with the State Department, their job is to find sponsors to provide housing, food, clothing, transportation and employment for the refugees. The sponsors are technically responsible until the newcomers are self-sufficient.

The State Department, under the 1975 refugee act, pays the voluntary agencies \$350 per refugee. But the cost to sponsor is usually \$1,000 to \$2,000 each, according to the Rev. Dean Hancock of the Church World Service.

Federal social service, English and job training and mental health programs, also funded under the 1975 act, are administered under the Department of Health, Education and Welfare to supplement the resettlement work.

Although most sponsors apparently try hard, welfare increases indicate they are not entirely successful. The State Department, furthermore, does no monitoring or evaluation of the voluntary agencies.

"It would take a whole bureaucracy," said Bob Miller of the office of the U.S. Coordinator for Refugee Affairs. "We have to come up with 14,000 sponsors. It's not like we have a big choice."

**Difference in Aims**

Moreover, there is a philosophical difference between the voluntary agencies whose primary object is resettlement, and the government-organized social service projects, which are designed to re-educate, reorient and restrain refugees.

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## Almost 100,000 Have Resettled in State Since 1975

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**Large Sun Flare Seen Disrupting Radio, TV Beams**

PASADENA, Calif., Aug. 28 (AP) — A large explosion on the surface of the sun was reported yesterday by the California Institute of Technology, where scientists predicted a disruption of radio and telecommunications signals as a result.

The disturbance, seen as a dark, irregular spot, was the second largest since Aug. 1, the beginning of the solar flare season, according to the scientists. The spot, in the middle of the solar disk, stretched 86,400 miles at its longest point — one-tenth of the sun's diameter.

A minor magnetic storm was expected to reach the earth and interfere with radio and telecommunications signals, the scientists said.

The flare peaked at about 10 a.m. Sunday after building for an hour, solar astronomer Gordon Hurford said, adding, "Flares of this size are exceptional but not phenomenal for this time of year."

Minimum to maximum solar activity tends to occur in an 11-year cycle, with the peak period lasting about 1.5 years, Mr. Hurford said.

Scientist Steve Tullis at the U.S. government's Solar Environmental Center in Boulder, Colo., said that Sunday's disturbance was not as intense as one recorded on Aug. 20 that sent a major magnetic storm of charged particles colliding against the Earth's here. That disturbance interrupted radio signals, he added.

**U.S. Cult Fails In Bid to Obtain Journalist's Data**

WASHINGTON, Aug. 28 (UPI) — The Church of Scientology has lost a bid to obtain the notes of a Washington Post reporter to use in the defense of 11 church members charged with stealing U.S. government documents.

U.S. District Judge Charles Richey yesterday quashed a subpoena that would have required reporter Timothy Robinson, who is writing a book on the church, to reveal his sources and notes about the church.

The decision was made in the pretrial stage of the case against the 11 church members. The church sought information relating to FBI raids on the church's Washington and Los Angeles offices on July 8 last year.

Church representatives wanted material from Mr. Robinson which it said dealt with an FBI briefing the day before the search. In refusing the subpoena, the judge ruled that the church could have instead approached one of the almost 100 FBI agents who had been at the meeting.

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in 1975, a state agency that has functioned both as a resettlement service, parallel to the voluntary agencies, and as a social service agency doing counseling, job placement and, perhaps most importantly, follow-up on all refugees.

California has no such agency, but last month Gov. Edmund Brown Jr. appointed a 13-member Indochinese Refugee Task Force to start coordinating government and private aid in the state.

A major problem that remains to be addressed is the mental health difficulties the new refugees face after expulsion or escape, followed by months or years in camps overseas.

"Mental problems are caused by the loss of one's own identity and country. Many families split up," said Roy Morales, director of Los Angeles' Southeast Asian Refugee Mental Health Training and Prevention Project, a federally funded program.

"They don't know where they are or where they are going. The future is bleak. Combine that with the cultural clash and language problems they have to adjust to."

**Upward Mobility**

Even when there is vocational training to give jobs promotion potential, some refugees have been afraid to accept them. Carol Porter of the Los Angeles United School District's job program, said, "Upward mobility didn't exist in Indochinese cultures. If you got a job, that was it for life."

Also, some refugees do not want to adapt to U.S. culture. Miss Porter said.

"A lot of refugees believe very strongly in certain astrologers who say, 'Don't worry, you're going back in 1980.' A lot of leaders have said, 'Don't worry about learning English or learning skills.' So they sit home, waiting to go back."

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"The big problem we face is lack of adequate information," said Shawn Ortiz, spokesman for Gov. Brown's new task force.

"We don't know enough about the construction of the families coming into the state, what their needs are, how they will impact the system. How do we estimate what the cost is going to be when you have so many variables?"

The first priority of the task force, headed by Health and Welfare Secretary Mario Obledo, has been to work toward continued federal funding beyond September, Mr. Ortiz said.

"It's an emotional issue," he said, "but beyond emotionalism there's the reality of who's going to pay the bill. It doesn't mean they won't end up entering the economy, but in the process of their assimilation somebody's going to have to pay for their support."

Los Angeles Times

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**PROFESSION**



## IRA: No Romantic Image Left

If there remained any lingering image of the IRA as a band of romantic freedom-fighters struggling for justice, it went up in splinters on Monday off the coast of Ireland. Whatever its past, the IRA today is an inhumanly ruthless guerrilla organization, applying a standard political strategy designed to provoke official repression which furthers their cause.

One obvious effect of murdering Lord Mountbatten of Burma, a widely beloved member of the royal family — and systematic attacks on British military units — will be a severe crackdown. When public revulsion subsides, there will remain strict security, tough police measures and an underlying state of uneasiness. This, according to the IRA's apparent strategy, will cause a backlash against authorities and pressure on the government to give in to political demands as the price of social peace.

Prime Minister Margaret Thatcher has declared: "The people of the United Kingdom will wage the war against terrorism with relentless determination until it is won." Her problem will be waging a war which is not only effective but also acceptable to people who must suffer the consequences of living their daily lives in a war zone.

The IRA has promised a "fight to the death," and their recent actions prove they have the tactical capability to strike deadly blows. Contacts with clandestine groups in other countries have given them the latest in terrorist technology. Monday's actions were

the most dramatic in 10 years of "the Troubles," but IRA Provisional guerrillas have killed 319 British troops in a decade. Much of the struggle is in Northern Ireland, but recently it was brought directly to Westminster with the assassination of Conservative MP Airey Neave. To heighten tension, Irish Protestant "paramilitary" forces have threatened to retaliate on their own if IRA guerrillas are not controlled.

Britain's institutions and traditions, admirably, do not permit the sort of total repression applied toward guerrillas in some Latin-American nations. But the British — as other nations faced with such cold-blooded terrorists — must be prepared to increase an already bitter and unnerving struggle.

Irish authorities might ease the problem by pursuing more energetically IRA elements who have sought refuge across the Northern Ireland border. And, abroad, misguided romantics can certainly help by remembering that those stirring Irish ballads, so popular in Manhattan bars after St. Patrick's Day parades, belong to another age.

The cause is no longer the issue. Can any twisted fanatics who murder innocents and send a nation into despair expect world sympathy?

Whatever one feels about Irish unity, religious harmony or territorial integrity, IRA guerrillas must be considered as common murderers who are gravely damaging the cause they espouse.

## Metal Madness

Prices up for the year ending June 1979, 47 percent; 59 percent; 87 percent; 44 percent; 30 percent; 41 percent. What prices do you think these are? The answer is neither fuel nor food — the two most widely cited causes of inflation. In fact, these show the increased costs (in order of): copper; platinum; lead; nickel; molybdenum and zinc. For a variety of reasons — including growing worldwide demand, costs of meeting environmental standards, price increases by foreign producers, and the costs of mining lower-grade ores — metals have joined food and energy as an important contributor to the rising rate of inflation.

Price is not the only worry. With the OPEC experience as a vivid reminder, the source and volume of metal imports is (or should be) a cause for serious concern. In 1950, this country depended on imports to meet half or more of its needs for only four of the 13 basic industrial raw materials. Today imports account for more than half of nine of them. (The Soviet Union satisfies almost all of its needs for all 13.) The U.S. mineral trade deficit — a relatively recent phenomenon — is growing steadily, and one government study has predicted that it may reach \$100 billion in 1979 dollars by the year 2000. South Africa and the Soviet Union fig-

ure prominently among the major mineral exporters and there are several other suppliers on whom it is uncomfortable to be dependent for moral, political or strategic reasons.

The similarities to the energy situation may not end there. Washington is not exactly crawling with people who are studying the need for a national minerals policy. But, among those who are, there is little doubt that this country is traveling down the same profligate road with regard to metals consumption that it has traversed on energy. Demand for metals and other minerals is enormous and constantly increasing. More important, much of this use is wasteful: Nearly three-quarters of the metals consumed in the United States are used just once and then thrown away.

In 25 years of studies and commissions, a metals policy has so far eluded Washington's grasp. It appears that the same inconclusive fate awaits the latest effort, a two-year undertaking ordered by President Carter involving more than a dozen federal agencies. You have to ask yourself what kind of pressures and costs and frights will be required to wake us up.

THE WASHINGTON POST.

## The Hamilton Jordan Affair

It may still be too early, as some have claimed, to recommend specific changes in the criminal provisions of the Ethics in Government Act. Their efficiency and effectiveness have not yet been fully tested. But the experience that Hamilton Jordan, the president's White House chief of staff, is now going through indicates the day for legislative change is not far away. There is, so far, much stronger public evidence here of abuse of the law than of drug abuse.

Mr. Jordan is the subject of a full FBI investigation because two men charged with federal tax evasion have asserted he used cocaine during a visit to a trendy New York disco some time last year. Neither the act — if he committed it, and he denies that vigorously — nor the source of the charge would be sufficient, under normal circumstances, to trigger a major criminal investigation. But the Ethics in Government Act requires just that in response to any allegation that a high federal government official has violated any federal criminal statute. To make matters worse, unless the attorney general can rule within 90 days that the charge is frivolous, he must ask a special court to appoint a special prosecutor, no less, to complete the investigation.

This procedure was designed by Congress to head off any future Watergate-type cover-up. It was never intended — and should not have been — for use in this kind of situation. The crime that is said to have been committed is a misdemeanor that federal law-en-

forcement officials seldom prosecute and even less often investigate. Such matters are usually left to state and local officials. And the way the allegation has arisen — during pretrial discussions by federal officers with two men who are in serious trouble — raises substantial questions about its credibility. It would be absurd, not to mention demeaning to the spirit of the Ethics in Government Act, to have a special prosecutor appointed to investigate a matter of so little moment in the elimination of corruption in government — which was that act's primary goal.

The potential problems that this situation has revealed do not end with Mr. Jordan. Long before this allegation was made, high officials of the Department of Justice expressed their concern that a political opponent of a federal officer could use the automatic provisions of this act to inflict severe damage during a political campaign. It might be relatively easy to make an allegation that could not be judged frivolous within 90 days so that a special prosecutor would be appointed automatically just before an election. This aspect of the law's triggering devices, as well as its application to allegations that have nothing to do with the honesty of a government official, are matters that Congress is going to have to reconsider sooner or later. If any public benefit results from Mr. Jordan's current difficulty, it is likely to lie in getting that reconsideration under way before an even more serious abuse of the Ethics in Government Act occurs.

THE WASHINGTON POST.

### In the International Edition

#### Seventy-Five Years Ago

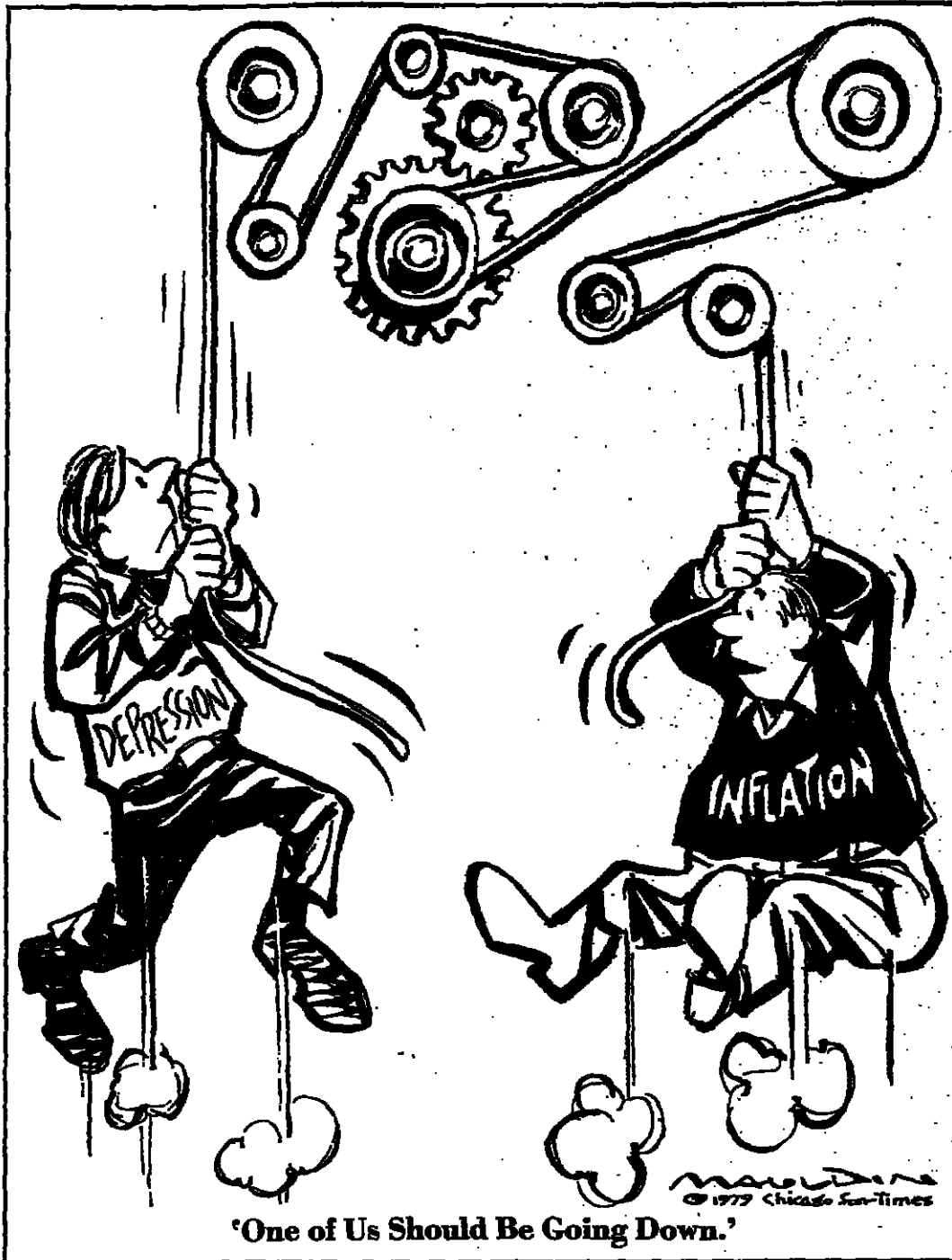
August 29, 1904

NEW YORK — The New York papers today discussed Judge Parker's latest pronouncements on independence for the Philippines. From the Evening Post: "The Republican candidate has thus dared to use the word 'independence' against which indiscretion Mr. Taft and Mr. Roosevelt have solemnly warned the country. His utterance, by opening for the Filipinos the door of hope so graciously closed by McKinley in 1899, will do more to establish friendly relations between them and Americans than any single action of McKinley and his predecessors." But The Times editorializes: "It may be 50, it may be 250 years, before we can fit the Filipinos to take care of themselves."

#### Fifty Years Ago

August 29, 1929

PARIS — Today's Herald editorial reads: "If there is no serious hitch in the last formalities to The Hague accord, which was so laboriously arrived at, it may be justly hailed as the most important diplomatic event since the making of the Versailles Treaty. Its immediate corollary, the speedy evacuation of the Rhineland by Britain, France and Belgium, should help greatly in the final healing of the moral wounds of the World War. So too should the more self-respecting status of Germany under the arrangement which fixes definitely the volume of Germany's financial obligations to the creditor powers, and diminishes them to a generous degree."



## Spain: 'Amid Rapid Change'

By Roy B. Hoffman

SAN CLEMENTE, Spain — It is toward the end of day now. The trees around the perimeter of the plaza cast shadows on the stone benches set here a hundred years ago, over the green metal benches set here five years ago. At one end, near the Civil Guard headquarters, is a bandstand. To each side of it sit old men in dark suits and berets, leaning on canes, smoking cigarettes, talking quietly.

The plaza is the heart of San Clemente, a town of 7,000 set in the northeastern part of the flat, arid region known as La Mancha. Like plazas in innumerable Spanish towns, it is the place where people come to relax, to gossip, to exchange greetings and news. Women in black mourning dress mingle comfortably with children who mingle, in turn, with amorous youths.

### The Center

Seven hundred years ago, when San Clemente was founded, the plaza was designated the geographical and cultural center of the town. For years it was used as a bullfight. In 1975, others tell me the changes were under way much sooner.

First, television has brought the imagery of change crashing into the living rooms of this town where there is no train station and where only one bus a day leaves for Madrid. The families eat their dinners with the pictures of sexy, liberty-loving Americans flickering over the room. Second, the absence of a local university has sent many of the young people to the urban areas where they mix with the "liberal" thinkers of the classroom, returning home with an air of sophistication and iconoclasm.

Third, the discotheques, opened a decade ago in this town, have given the pre-university generation a place to escape to for the first time in the history of the village. When they return to their homes at the traditional curfew of 10:30, they have the security of the youth generation about them — a world of adolescent privacy hidden from the communal affairs of the family where grandparents, cousins and in-laws live as one.

The plaza symbolizes a fixed point amid rapid change. It is symmetrical, orderly. "It provides an equilibrium for the Spanish town," a local historian and priest tells me. For Americans, used to seeing their "plazas" used as "people's parks" for soapbox oratory, demonstrations, stand-up comics and nuclear-reactor protests, it is hard to com-

prehend fully the nature of this asylum.

There is a moment just after the sun has set when the plaza here is emptied of people. The old men have gone home for their sweaters to ward off the chill of the La Mancha night. I imagine that riots, bombings and coups d'etat will occur before they return. And I imagine that, despite all, they will drift back, to take their places on the benches, to nod at passersby, to smoke cigarettes, to talk quietly.

Roy B. Hoffman, a New York-based writer, is living in Spain this summer as a group leader with the Experiment in International Living. He wrote this article for The New York Times.

### After Franco

And I have not been to the fields many mornings before meeting the obreros, or field-workers who jingle the \$12 or \$15 per-diem wage in their pockets and smile ironically when I talk of the splendors of Spain. They own no part of that splendor just yet, they tell me.

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## EC Heating Oil Stocks and at Normal Levels

By John M. Geddes

AN, Aug. 28 (NYT) — West Europe is "discovering" that, like the fears of gasoline shortages and rationing that oil prices set off last spring, worries about heating oil supplies for the winter are disappearing.

Europeans are really not foreseeing any problems. "Stocks are up to normal levels," said a spokesman for the European Economic Community in Brussels. "We don't see any problems with oil unless there are more disruptions."

Europeans are paying a premium for their heating oil supplies. Even with maximum prices regulated in a number of countries, heating oil in the nine-member EEC this year is up by an average of 60 percent from last December and is expected to rise further as winter approaches.

The supply side, Europe has had from the start-up during the year of new petroleum cracks, which allow heavy trucks to be upgraded into home heating oil. This, together with the rising of light supplies in the oil market, has lessened the tension that arose the international heating oil market in late May and early June.

**\$5 Subsidy**

That time, the Carter administration, announced that the United States would pay a subsidy of \$5 a barrel for imports of light heating oil. U.S. supplies, European countries, which charge that a measure would cause European supplies to be diverted to the United States and would contribute to the oil market's price rise.

Earlier fears turned out to be much unfounded, said a spokesman at the International Energy Agency in Paris. The policy so affected about 50,000 barrels a day, not enough to substantially alter the situation in the market.



Soldiers man roadblock near Rome after a recent kidnapping.

## 2 Pop Singers Kidnapped As Italy Abductions Grow

By Victor L. Simpson

ROME, Aug. 28 (AP) — Two of Italy's top pop singers were reported kidnapped today as abductors branched out for new income by striking tourists, women, children and show business personalities.

Fabrizio De André, songwriter and singer noted for his folk songs, and his wife Dori Ghezzi, a winner of the Sanremo Song Festival, disappeared from their farm in central Sardinia.

Investigators said that they believed the couple were kidnapped for ransom.

The case was the latest in a wave of kidnappings in Sardinia.

The government deployed an additional 170 policemen and the first of a series of helicopters equipped for nighttime searches.

By Joseph Fitchett

AIX, France, Aug. 28 (IHT) — After another long, hot summer with many forest fires on the Côte d'Azur, many local officials blame the extent of the fires on arson and complex other human and social factors rather than on natural causes alone.

The migration to the cities is exposing the forests — once protected by residents who looked upon them as a source of livelihood — to the inadequate care of summer residents and the central government, they say.

In some parts of Spain, Portugal and to a lesser degree Italy, where similar social changes are taking place, forest fires also have been increasingly destructive.

On the hillsides rising from the Mediterranean Sea, an estimated 100,000 acres of pinewoods and maquis have been turned this month into blackened wastes.

A prolonged dry spell this summer turned the region into a tinderbox, and the fires have been worsened by the seasonal mistral wind, often blowing at 60 mph.

### Firefighting Plane

Because of the rugged terrain, the firefighters' most effective weapon is the Canadair, a twin-engine plane that can scoop up five tons of water while skimming waves, then dump the water like a bomb.

Even with France's 12 Canadairs flying from dawn to dusk and with French troops in helicopters fighting the flames, the forest fires this year consumed some of this coast's best-protected stands of pine. Although France has had worse fire seasons, many residents are alarmed by an upward trend in forest fire damage in recent years.

"Why are these fires so much more destructive now than they used to be in the old days when the firefighters had only primitive, puny equipment?" said Adrienne Cazelles, a member of an environmental association. She blamed the problem on the "changed geography of southern France."

The people who lived off the forest have been replaced by careless tourists and by summer people who only care about the sun and games.

The same basic argument is made by many local officials, firemen and forestry experts.

### Changing Economics

As more vacation homes are built in the south of France, the changing economic conditions of the region are endangering the forest and maquis that have protected

## Officials Cite Migration to Cities

## Winds of Social Change Fan Riviera Fires



Firemen, aided by troops and local residents, fight recent forest blaze near the town of Louisa in central Portugal, one of the many fires that have broken out in France and the Iberian Peninsula.

the landscape and climate of France's Midi region.

The long-term damage to the soil is a matter of concern to officials like Philippe Boisseau at a regional Agriculture Ministry office. "Once an area has been burnt twice — as is happening more frequently — it is more vulnerable to soil erosion from heavy winds and rain in winter," he said. "After two fires, forest turns to stones."

Despite the new firefighting techniques, the fires are outrunning the attempts to replant the forests. In trying to explain the persistence of the outbreaks, local officials and residents cite several human factors:

• Economic changes. Local peasants no longer scavenge the forests, cleaning the dead brushwood from the pinewoods to burn for fuel. A tangled undergrowth forms, which is tinder for a spreading fire and hinders firefighters. Similarly, abandoned vine or olive terraces quickly are overgrown with maquis, which also spread the blaze.

• Land speculation. Owners of wooded property sometimes deliberately set fires to evade conservation restrictions and get their land reclassified as suitable for building or industrial development. Police sources say that a light plane was

spotted in one case dropping incendiary devices on a windy day.

• Arson for local vengeance. According to a local mayor, residents in his commune set fire to a wooded estate to protest the absentee owner's refusal to permit free hunting. Separatist groups in Corsica and in Spain are suspected of setting fires for political purposes. Arsonists are difficult to catch, and some local officials apparently hesitate to investigate their suspicions in fear of antagonizing residents.

Unable to control the fires with local resources, many officials see the issue as another example of the shortcomings of France's centralized government.

"These forest fires were like the French government's debacle in 1940 [when Hitler's army routed ill-prepared French troops]," said Marseille Mayor Gaston Defferre. "There was no organization, no leadership, no practice," said the mayor, a political opponent of President Valéry Giscard d'Estaing. But other sources confirmed reports that, even when the government implemented emergency plans, firefighting reinforcements often had no one to guide them over access routes to the fire or could not find water when they got there.

Local officials have called on the

government to double the number of Canadairs but Cabinet officials say that the Canadian manufacturer has closed the airplane's production line. Officials here also want the government to fund an expanded forestry program to clear the undergrowth and leave the forest floor clean except for animal sanctuaries, but officials in Paris say that it would be a prohibitively expensive undertaking for a forest area without major industry.

Local mayors are trying to get the government to launch a regional rescue plan to replant forests, build cisterns and step up surveillance. Otherwise, they warn, the forests will continue to burn in dry summers, destroying the environment and feeding resentment against what local officials consider neglect by the Paris government.

### U.S. Gangster Is Dead

TORREMOLINOS, Spain, Aug. 28 (AP) — Alvin Karpis, 71, who was part of the Ma Barker crime gang that operated in the United States in the 1930s, was found dead Sunday in his Torremolinos apartment and an autopsy was being performed to determine the cause of death. Spanish authorities said today.

## Obituaries

### Constantin Simonov, 63, Soviet Writer

COW, Aug. 28 (AP) — Konstantin Simonov, 63, the Soviet poet and playwright, died Tuesday, announced. The cause of death was not disclosed.

Simonov was best-known for his war reporting and fiction about World War II. He published "The Quiet" and "The Day After Tomorrow" in 1958, and "Are Not Born" in 1964. Kirill Simonov on Nov. 15, in Petrograd (now Leningrad), he adopted the pen name Konstantin. He initially won wide popularity with his plays "The Love" (1940) and "A Last Day" (1941).

**TV Appearances**

In recent years, the writer also appeared frequently on Soviet television as a narrator or commentator on documentaries recalling the Union's actions during the invasion in 1941.

Simonov's career managed five episodes of sharp criticism during the last years of rule and in the 1950s while he was chief editor of the literary journal New World. Simonov's editorship of the journal in 1946 was replaced by Alexander Tvardovsky in less than a year after Mr. Simonov was criticized severely for publishing a "decadent" poem. After four years as editor of the weekly Writer's Union Literary Gazette, Mr. Simonov regained the New World in 1954.

Simonov was removed as editor in 1954 after World published a controversial "Not By Bread Alone," was criticized by official Soviet critics for valuing individualism higher than collective.

Simonov worked in the early 1930s as a lathe operator in the shops of Moscow film studios, and in 1938 from the Gorky Institute in Moscow and World War II served as a correspondent for the Red newspaper.

**Ben Oakland**

ANGELES, Aug. 28 (UPI) — Ben Oakland, 68, a member of the traditional Kabuki theater, died here today, after eating a meal.

## Japan Family Dies \$118,000 Fatal Meal

TO, Japan, Aug. 28 (AP) — A restaurant will pay \$118,000 (\$118,000) compensation to the family of an actor who died today after eating a meal.

Goro Bando, 68, a member of the traditional Kabuki theater, died here today, after eating a meal. The actor who prepared the meal was later given a life sentence for negligence.

The liver and ovaries of the fish, a delicacy, contain a paralyzing drug similar to the fish can be prepared only by licensed cooks. A ban on the fish was agreed to

minister Paul Coste-Floret, 68, died here last night after a short illness, his family said today. Mr. Coste-Floret, a lawyer, became war minister under the Fourth Republic in 1947. He then held various ministerial posts until 1954, including responsibility for overseas territories, information and health.

In 1971, he became a member of the Constitutional Council, which decides matters affecting the French Constitution. He was appointed the president of Montpellier University in 1977.

**Charles M. Clegg Jr.**

HILLSBOROUGH, Calif., Aug. 28 (UPI) — A funeral will be held Thursday for Charles M. Clegg Jr., 63, a longtime companion of the late author Lucius Beebe. Mr. Clegg recently was found dead at home of an apparent drug overdose. He co-published the Territorial Enterprise in Virginia City, Nev., with Mr. Beebe during the 1950s and they collaborated on numerous books dealing with early railroads and the West.

## Spanish Socialists to Drop Marxist Label

By Tom Burns

MADRID, Aug. 28 (WP) — The Spanish Socialist Workers Party, the largest opposition party in the country, will drop its Marxist definition at a forthcoming extraordinary congress, paving the way for greater voter appeal, more moderate policies and the return of former leader Felipe Gonzalez, who resigned over the issue in May.

The development, considered crucial to parliamentary democracy in Spain, came as party organizers changed the motions for debate sent in by the delegations attending the congress. While certain motions propose that Marxism be recognized by the party as a "valid, scientific instrument in the interpretation of reality," none defines the PSOE as a specifically Marxist organization.

It was the Marxist label that caused the previous congress, held in May, to end in confusion when Mr. Gonzalez, the secretary general, refused to run for re-election unless the party reformed its ideological premises. In a calculated gamble, Mr. Gonzalez forced the PSOE to name a caretaker executive charged with holding an extraordinary congress in the fall that would debate the issue separately.

After a three-month "period of reflection," the often radical rank-and-file party members have evidently come round to the former leader's point of view. Mr. Gonzalez, at 37, a charismatic personality who is known simply as Felipe, had argued that Marxism was not only outdated and meaningless as a party definition but that it scared off voters.

The internal debate carried out during the summer in party publications and at meetings, often spilling out into the national press, was bitter as extremists accused Mr. Gonzalez and his supporters of selling out to social democracy and West German influences. The moderates in turn called the leftists "adventurers" and the debate often descended to a slanging match riddled by personal insults.

The moderate line nevertheless won through when delegations settled down to drawing up the motions for the conference, due to be held on Sept. 28 in Madrid.

Mr. Gonzalez and his close associates steered the party into a major role in the new Spanish democracy, second only to the ruling Union of the Democratic Center, headed by Premier Adolfo Suarez.

The PSOE captured 118 seats in the Congress of Deputies to the UCD's 165 in the first democratic elections held in June, 1977 — the overall majority in the 350-seat chamber being 176. The general election held in March this year came as a blow to the Socialists as they failed to make inroads into UCD strength — Mr. Suarez was returned to power with 167 seats against the PSOE's 121, with more than half a million votes separating the two parties.

According to the PSOE's post-election analysis, the party failed to carry the middle class vote despite its carefully pitched campaign aimed at reassuring voters over the issues of law and order and economic recession. The UCD fought an aggressive election, roundly accusing the Socialists of being dogmatic and making full use of the party's Marxist definition.



**VICTORY GLIDE** — Gerry Breen, 26, signals his achievement in St-Cyr-L'Ecole, near Paris, after completing a four-day trip yesterday that included his being the first person to cross the Channel by motorized hang glider.



Moskovskaya and Stolichnaya. Only vodka from Russia is genuine Russian vodka.



## Films in Paris

## Storm Stars in Lavish 'Hurricane'

By Thomas Quinn Curtiss

PARIS, Aug. 28 (IHT) — "Hurricane" (at the Elysees in English) is a remake of a film directed by John Ford in 1937. The Ford film is remembered — when it is remembered at all — because in it Dorothy Lamour, a shapely Sioux Club cigarette girl, made her debut swathed in a sarong and little else. Such are the rigors of type-casting that Miss Lamour was rarely seen in other uniform for the balance of her screen career.

The Ford forerunner merchanted storm sequences and the pleasant exposure of Miss Lamour, but it was no world-shaker. It was derived from a novel by Nordhoff and Hall, whose fictionalized account of the 18th-century British sea captain Bligh and his rebellious crew, "Mutiny on the Bounty," had enjoyed enormous success as a book and as a movie. The present scenario tells an off-told tale, one familiar before Nordhoff and Hall set it down.

The South Seas melodrama, once reliable box-office bait, was of exacting cut. It was available in two arrangements. In the first it disclosed an Anglo-Saxon university graduate who had been rejected by his sweetheart back home and who was trying to erase tormenting memories by drinking rum under the tropical sun and by making love to island girls under the tropical moon — as in "White Cargo." "Never the Twain Shall Meet" and "Aloma of the South Seas."

In its second, distaff manifestation it raised the curtain on a WASP woman, sometimes on her own but more often the dissatisfied wife of an elderly, grumpy husband, who in the warm climes of the radiant paradise clapped an acquisitive eye on a pagan native boy. "Hurricane" follows the latter line.

On the occasion before us the heroine is the daughter of a U.S. Navy captain who visits her papa in Pago Pago, east of Samoa, when the territory was under American control, circa 1920. The daughter is

engaged to an upstanding junior officer, but becomes enamored of a handsome native prince. Her fiancé accepts the situation with mainly resignation, but her racist father, outraged, persecutes the poor prince, imprisoning him on trumped-up charges. The captive escapes and flees with his love in a violent storm in which the heavy father is drowned.

A remake is a remake, but Jan Troell, the director, proves resourceful. He has transformed the vintage hokum into an impressive spectacle so that the rattling of rusty claptrap seldom rises above the effects of lashing rain and roaring gales. The film is closer to catastrophe epic than to sentimental novelette and its technical skill merits Oscar attention as does the late Nino Rota's beautiful musical score. In all, a lavish production of up-top quality.

## Shift in Emphasis

Mia Farrow as the defiant daughter has not the Lamour glamor, but the role, unless memory fails, has been considerably revised. The accent here is not on savagery and as a puritan-bred miss fighting for her freedom Miss Farrow succeeds in characterizing the beset heroine. Dayton Ka'Ne, a Hawaiian surf champion, who plays the young native prince with elegance, grace, charm and vigor, is a valuable screen find. He should soon be taking front rank in the gallery of movie leading men. Jason Robards as the bigoted captain, Max von Sydow as the local doctor, Trevor Howard as the boozing padre and Timothy Bottoms as the dismissed suitor breathe some life into their standardized assignments, but the main feature is the screen's improved reproduction of overwhelming tropical storms.

"Au Revoir... a Luni" is apparently the Canadian for "Goodbye." A comedy-drama of that title, a Franco-Canadian venture, has just arrived at the Danton, the Normandie and the Bretagne, addi-

tional evidence that scenarists are trying to make bricks without straw.

Lucie, a Canadian who is employed as a radio broadcaster, and Nicole, a French girl who works in an airline office, share a depressing flat in Montreal. The men they favor, they complain, are always married. Nicole happens on a bachelor doctor, weds him and goes with him to Florida where his duty calls. But he is Mr. Wrong, so, annoyed with her acid mother-in-law and her husband's associates, she returns to room with Lucie who has found contentment in a lasting liaison with a roly-poly pater familias. That is all there is and it is simply insufficient for a full-length film, though it passes a few mild pleasures and has a minimum of hysterical outbursts. Mimi-Mou and Carole Laure are the girls and Claude Brasseur and David Birney the men.

In contrast to the undernourished "Au Revoir... a Luni" there is a double portion of plot at the Saint-Andre-des-Arts, where two of Marcel Jijfer's films are being revived. Both are from the fertile pen of Gaston Leroux, who supplied the cinema with such memorable thrillers as "The Phantom of the Opera," "The Wizard," concocted from his Poeque novel, "Balaoo" and his Ibsenish play against the bourgeois suppression of women, "The Lily."

L'Herbier made these films — the famous "Mystere de la chambre jaune" and its sequel, "Le Parfum de la dame en noir" in the early talkie days and they creak a bit on the technical side. But what of that? They are far livelier than "Au Revoir... a Luni." "Le Divorcement" and "Nous mairons ensemble" combined, more amusingly acted and quick with suspense. The unforgettable Roland Toutain, the fearless French stuntman who blended Douglas Fairbanks acrobatics and a Valentino hair-do, is Leroux's amazing private detective, Rouletabille.



Dayton Ka'Ne and Mia Farrow in "Hurricane."

## Cartography

## How to Get Lost in Ireland by Map

By Elaine Davenport

THE BURREN, Ireland (IHT) — A new Irish map is available — for anyone wanting to get lost. Some English writers have greeted it as an ethnic joke come true (stories about the

stupidity/gullibility/backwardness of the Irish are always popular in England), but for T.D. Robinson, who made the map, it is a "graphic expression of a sense of place."

The place is the Burren, historically a barony and the ancient terri-

tory of the O'Lochlainns. It is in County Clare in western Ireland and covers an area roughly 15 by 18 miles. The new map, at first glance, looks like any other, but a more careful study shows that it neglects to name roads or indicate distances.

Robinson hopes the map will help people to do what in the modern world they do too seldom — lose their way. "I would like to think," he says in a short acknowledgment, "that the map expresses my pleasure in the Burren, and my thanks to its people for their stores of local wisdom and for the innumerable cups of tea that kept me going."

Remedies other than tea abound in Robinson's rocky Burren. The map shows an "arched stone for headache cure," a "chair in rock" (backache cure), and two separate wells — one for wart cures and the other for toothache relief.

At the northern extremity of the Burren is a quarry, close to the Red-bank oyster company, Gaynor's bar and the post office, with the simple note "George Bernard Shaw worked here." There is a "strange field" marked on the map as well as a "blessed bush and marks of St. Brigid's knees" where, presumably, the fifth-century Irish abbess who became a patron saint of Ireland knelt to pray.

## Armada Dropouts

A less peaceful spot can also be found. "Armada" men hanged 1588, is the note on a hill not far from the coastline where ships of the Spanish Armada were wrecked during a storm. Indications of the Burren's more remote past are abundant in the rich concentration of archaeological sites. There are wedge-shaped gallery graves, the commonest form of communal burial sites in the area, dating from late Neolithic and early Bronze ages. There are also earthen burial mounds of the Bronze and early Iron Age, about which Robinson has a curious note: "... burial mounds have been preserved by a belief that they are fairy forts. The superstition is not to be dismissed; its core is a proper reverence before the mystery of the past, and this land is full of questions that only a respectful attention to its ancient stones can ever answer."

Small crosses on the map indicate *fuilcrada fadhna*, cooking sites dating from the Bronze Age where meat was boiled by dropping hot stones into a trough of water. *Fu-lachra fadhna* is Gaelic, and although there are English and Anglicized words on the map, a knowledge of the Celtic language of Ireland is helpful. Robinson has obliged the lost reader by listing in his key Irish words that are elements of many place names. "Aill," for example, is "cliff," "cill" church; "cloch," stone; "cnoic," hill; "tohar," well, and "slabh," mountain.

The Burren's modern side is also apparent. The location of a modern poultry farm is shown, for the area is famous for spring flowers. And in the delightfully named Lisdoonvarna is a dance hall and the Burren Holiday Painting Centre.

Whatever the case, he has built sound into a thriving business. The Piranesi offer 17,000 different titles for sale on records and cassettes, about 1,000 of which they produced themselves. They distribute the others for various companies.

There is an infinite variety of sound effects and educational recordings available from Mario and Mignon. Not just the baby falling downstairs, but the sounds of a junkyard, crickets chirping, meat

## Theater

## 'Hamlet' Makes Comeback at Elsinore

By Julian Isherwood

COPENHAGEN (IHT) — Torrents of rain washed out the gala opening performance of "Hamlet," in the prince of Denmark's return to Elsinore after a quarter-century in exile, but subsequent audiences have been treated to some inspired acting from Derek Jacobi and the Old Vic/Prospect Theater Company.

The last British "Hamlet" to play at Elsinore was Richard Burton, whose portrayal of the part has almost become legend. Jacobi's youthful and vital acting and understanding of the art of tragedy allows him to carry the performance almost from the first moment. Jane Farrow as Ophelia, Laurence Olivier as Laertes, John Rows as Horatio and Robert Edson as Polonius, help the performance in the impressive surroundings of the castle.

Although there seems to be some doubt as to whether or not Shakespeare imagined the Kronborg Castle as the site for his masterpiece, and he was certainly never there, the Danish authorities have managed to sell the castle as Hamlet's home to thousands of tourists every year. Neither is the myth lessened any by the return of the play.

Between performances, sitting in the fashionable Marienlyst Hotel, Jacobi popped a lozenge into his mouth and talked about his views of acting.

"I do think that one of the things

that you have to acquire as an actor is discipline and a regime, particularly when you're playing a huge part like Hamlet, which puts great demands on you physically, mentally and emotionally. The focal point of the day is the performance. I mean it must be," Jacobi said, and he nursed the sore throat and he got from acting out of doors.

"There are tremendous demands put on you when acting in the open air, both acoustically and as an actor. I mean the open air robs the play of the claustrophobic feel of the intimate encounters. Nothing can be low key but has to be pitched to the top of the audience. As far as battling the elements is concerned — I mean it's rained every night. Yesterday the stage was slippery and twice I nearly fell on my behind. The duel scene had to be played at half speed."

"There is, however, a very special feel playing at the castle. Although I find it low in job satisfaction, it wouldn't be without it. When it started, being on that stage and seeing everybody on stage with rain pouring off their faces, spouting all this blank verse, it was fun. It was marvelous."

At the gala opening, the Danish Queen Mother, the premier and sundry other ministers and notables had all taken their seats. Then the rain came. In torrents. Makeup began to run, gals had to begin to drop out after 10 minutes of the first act. Hamlet, Ophelia, Laertes and Horatio beat a hasty retreat to the relative dryness and warmth of the dressing room. And everyone went home, leaving Elsinore to the ghost of Hamlet's father.

Of the 30,000 tickets that were available for two weeks of performances at Elsinore, 20,000 were sold within the first couple of weeks after going on sale in March. Ticket holders from the rained-out gala performance couldn't even get rain checks — there just weren't any tickets to be had.

Some of Jacobi's best roles have been in the parts of seemingly mad characters. As Claudius, in "I Claudius," the physical ailments made him seem a fool. Hamlet pre-tends madness. And given his choice of roles, Jacobi said, "There is actually a role that I did act for a brief time in the adaptation of a novel. It's a part that I'd love to have another chance to play —

Prince Mishkin in "The Master and Margarita" — as I did actually. If you saw Miss Misi would think that he was the point of imbecility. You would think was spout point of idiocy — but you wrong in both cases because inside is totally different."

"It's the same with Hamlet puts on the assassin's — an outer shell to his going on behind the eye case it becomes fascinating as there are moments the assumed madness could real. Perhaps the real real played three roles with common denominator is: I'm mixed up, and need a rest and I'm working our public."

His next assignment Hamlet for the BBC. "It's interesting. A new new director. A new Ham said."

"As far as the wide screen I've just done a film dir. Breagha. "The Human and I" has a reasonably time. I just feel that about directors. I feel that sterile. The artistic creations are made by the director. The camera man. The pr filming is boring and it is to retain one's concentration the decisions are the actor. I mean Mickey Gooly and Susan White are great actors as Marilyn Mc From Copenhagen

"Hamlet" goes to Sweden, Australia, Japan and China it will be the first British group for decades, playing Peking and Shanghai. The are at the moment translating script so that audiences the play in simultaneous tion.

"The Old Vic Prospect p of "Hamlet" continues in through Sept. 5. Then there performances in Vasteras, Sept. 11-12; Stockholm Sept. 18-20; in Finland, Sept. 21-22; at the Royal, Newcastle, England 24-29; at the Alhambra, Oct. 1-6; in Japan Oct. 10-11; in China Oct. 11-Nov. 10, in Italia Nov. 15-Dec. 16.

## Records

## The Sound of Factory And Almost All Els

By Al Martinez

LOS ANGELES — Mario Piranesi tells the story about the factory worker who called home and said he had to work late that night.

"The wife is suspicious, see, but she can hear in the background the sound of the factory, the clanging and the crunching, so she believes!"

Mario suppresses a smile. The truth of the matter is, the guy's got a tape cassette with him in a phone booth at a bar and he's playing factory sounds on the tape!

Mario laughs loudly at that, then shakes his head. "We got tapes for everything. Office sounds, with typewriters, a stomach growling, even a baby falling down the stairs."

He made a grand gesture with one arm. "You name it!" True, Mario Piranesi, who is not too tall and talks very fast, is a sound junkie.

He and his wife, Mignon, the Mistress of Magic some years ago when she was playing places such as Larry Potter's Supper Club in Los Angeles and the Clover Club in Portland, Ore. ("A Show to Fit Any Budget!"), run a shop called Knight Educational Recordings in Los Angeles.

They have been there for 30 years and Mario, who is his own best salesman, says he started the whole educational industry on record and tape.

Later he qualifies that somewhat, saying he was one of the pioneers in the industry, because who knows who was doing what when. "You can't tell," Mario says generously.

Thrivin' Business

Whatever the case, he has built sound into a thriving business. The Piranesi offer 17,000 different titles for sale on records and cassettes, about 1,000 of which they produced themselves. They distribute the others for various companies.

There is an infinite variety of sound effects and educational recordings available from Mario and Mignon. Not just the baby falling downstairs, but the sounds of a junkyard, crickets chirping, meat

grinders grinding, and, if you miss war, the calamity bait.

"Are you ready for this? leans over the counter. "I you're a widow living at two o'clock in the morning, you hear someone's window."

Mario pauses for effect that sink in. "You come down quietly" — his voice lowers you slip a tape into your car. Now he shouts: "Dogs and growling and howling away goes the burglar! If everything is sound, with there! Mario nods with tion. "You're safe."

But not everyone, Mario needs barking dog sound or mating whales or fogh North American frogs croak. How about a nice blof cassette intended to allevi impotence? Mario winks a on a tape. Out comes a sex-voice telling you to relax, let every part of your body and to think of, well, her body.

"We had a customer who love with her voice," Mario turning off the cassette and his head.

"Down, boy," Mignon w. "We've got it all." Mario ued, walking through his shop and pointing out item time shows, poetry reading stories, how to invest, the pt of flower arranging, talkin books ...

Mario's tapes and reco said firmly, can teach you help you overcome dep enhance your mental teach you Swahili, and tra parrot.

There is also a record al Star that comes complete script for those who have wanted to be in a play.

"What you do," Mario's put on the record and tape recorder too. There are places in the record where your part, and you get it tape, just like you were pan play. Terrific!"

Mario traces his interest back to high school where, admit, he was not a terrific. "The teachers talked to be said, talking fast, fast they'd say something, didn't get it, and the teacher to say it again because the mad. You understand?"

"So I taped a lecture on the old wire recorders then and it worked great! I doing it every since!" Business has been good fo io and Mignon.

"We have increased aver since we sat in a little roo sold our first 10 records." b "It's a sense of work," he shaking his head. "There's a you know? So you slip a into your tape deck and lea be as you drive to work."

Los Angeles Times

(Advertisement)

## DKB'S ECONOMIC JOURNAL

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## OPEC's elevation of oil prices is due heavily to affect Japan's economy

The major hike in crude oil prices decided by the Organization of Petroleum Exporting Countries (OPEC) in June is expected to impact heavily upon the Japanese economy.

It will (1) inflate prices, and (2) deflate business conditions.

A study on macro models into the effects of a series of crude oil price hikes since the beginning of this year has revealed that it will raise wholesale prices by 7.5 per cent, increase consumer prices by 3.5 per cent, and lower the real economic growth rate by 2 per cent.

Meanwhile, the OPEC meeting was followed by the Tokyo Summit of the heads of state of seven industrial countries. The energy problem was the central theme, and country-by-country oil import targets for both short and medium terms were set.

Japan's import targets consist of: (1) an annual level of 313 million kiloliters for 1979 and 1980 with a daily volume of 5.4 million barrels (short-term goal), and (2) an annual level of 366 million to 400 million kiloliters, with a daily volume of between 6.3 million and 6.9 million barrels, for 1985 (medium-term target).

Of these targets, it is generally believed that the short-term target will have a relatively minor adverse effect on the country's economic growth. However, it is predicted that Japan will have difficulties in limiting oil imports to a minimum level of 6.3 million barrels a day as envisaged in the medium-term target.

## Warnings against inflation

Prices provide a serious problem in the oil and energy question on both short and medium terms.

Wholesale prices have continued to register increases. They rose 1.7 per cent in April over the previous month, 1.6 per cent in May and 1.3 per cent in June. With these figures, wholesale prices showed a major increase of 14.6 per cent by an annual rate during the first half of this year.

The spiral in wholesale prices has finally forced consumer prices to go up. The overall

consumer price index in June for Tokyo dipped 0.3 per cent below the previous month (while rising 3.7 per cent over the same month of last year), due largely to the decline in prices of vegetables and other seasonal items.

However, closer examination reveals that kerosene soared 20.3 per cent over the previous month and gasoline went up by 14 per cent.

Under these circumstances, the official Bank of Japan interest rate was raised by 1 per cent to 5.25 per cent per annum in July. The hike in the official rate was adopted with a view to preventing the so-called inflationary psychology and maintaining a moderate growth rate for the Japanese economy.

However, there still is a fear about price spirals, considering such factors as (1) further rises anticipated in consumer prices due to the hikes of crude oil prices, and (2) price-raising pressures from slackening overall supply capacity for the rising overall demand.

## Rises in production and operation rate

Despite the fear of price spirals, the Japanese economy is expanding at present.

Mining and manufacturing production in May increased by 2.1 per cent (seasonally adjusted) over the previous month, while shipments rose by 3.1 per cent. The production index for manufacturing industries is expected to dip by 1.1 per cent for June below the previous month and an increase of 0.8 per cent for July. The pace has somewhat slowed but industrial production is still basically on the rise.

Meanwhile, the operating rate of Japanese industry has risen steadily since the end of 1978.

The operating rate of manufacturing industries (1975=100) shows a March index of 117.2 (a rise of 0.8 per cent over the previous month), of April 117.2 (same as the previous month), and of May 118.6 (an increase of 1.2 per cent over the previous month).

It is estimated that the actual operating rate of manufacturing industries now averages 86.6 per cent.

The increases in the operation rate are primarily due to active industrial

production activities as indicated in movements of production indices.

However, another present factor is that industry has not expanded production capacity by a significant proportion in the recent years.

The production capacity index of manufacturing industries increased by 3.9 per cent in the January-March period of 1977, but the index rose by only 1.1 per cent in the April-May period of this year.

This reflects the fact that Japanese industry has been trying to adjust both production capacity and inventories ever since the oil crisis, and effects of such adjustment efforts are now recognized in the form of the rising rate of operation.

On the other hand, there is no denying that this fact will have an inflationary effect upon price movements from now on.

## Firm tone of domestic private demand

Sustaining the rises in industrial production is domestic demand, including personal consumption and plant and equipment investments.

Personal consumption has continued firm since last fall, reflecting the fact that consumer prices have stabilized.

Due in part to the fact that traditional mid-year allowances paid this year increased by 12.5 per cent over last year (according to the Japan Federation of Employers Associations), it is expected that personal consumption will continue its firm tone for several more months.

However, no optimism is warranted if consumer prices go up further.

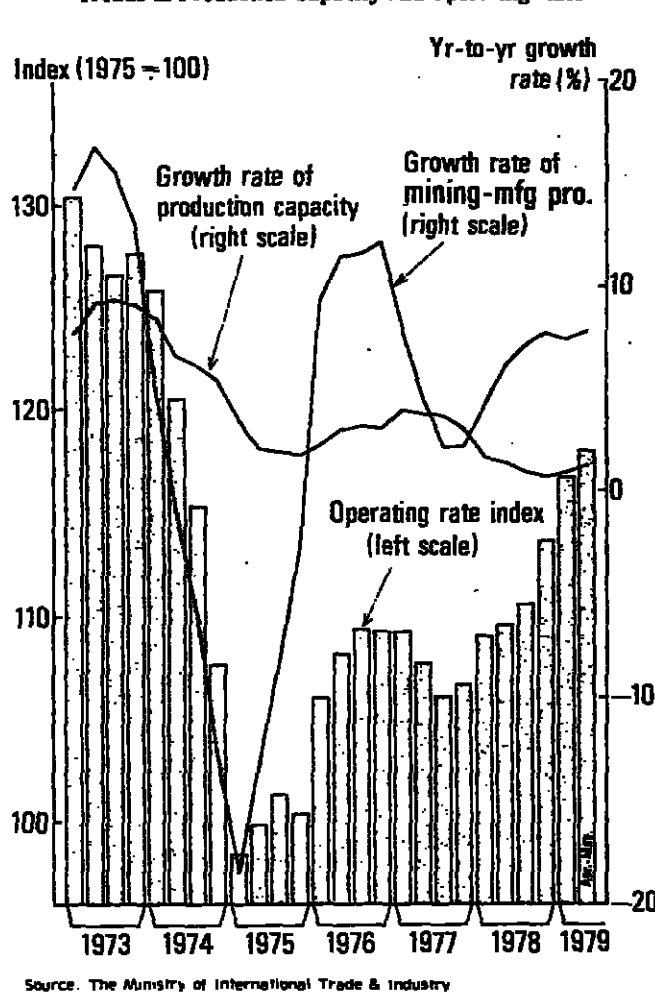
Plant and equipment investments have likewise continued active thanks to improved corporate performances and risen operating rates.

Although the Government intends to check down total demand, plant and equipment investments are expected to keep rising because a high operation rate is anticipated for the immediate future.

Home construction starts rose by 11.8 per cent in April over the same month of last year, and continued to go up by 1.7 per cent in May.

While domestic demand is steadily rising, inventories of mining and industrial

## Trends in Production Capacity and Operating Rate



Source: The Ministry of International Trade &amp; Industry

manufactures have continued to decline. This reflects the fact that manufacturers are still highly cautious about inventory investments.

However, it is believed that they will begin raising inventories from now on, because of the prospect of price increases.

## Government expenditures and exports

Government expenditures have not shown any major increases of late. Actual payments for various public works projects increased by 23 per cent in the October-December period of 1978 over the same period of the previous year, and continued to rise by 14.4 per cent in the January-March period of this year. However, the rate of rise was limited to 6.4 per cent in

the April-June period of this year.

Export demand — which had been stagnant for many months until recently — shows signs of recovery in the amounts of letters of credit received and other indicators.

Actual exports as expressed in the yen on the customs clearance basis showed a rise of 2.4 per cent in May over the same month of last year.

For the first time in a year, exports in one month rose over the corresponding month of the previous year.

All in all, leading the current stage of the economy is domestic private demand. The expansion of domestic demand is resulting in an increase in imports, which in turn is keeping a deficit trend in the balance of international payments.

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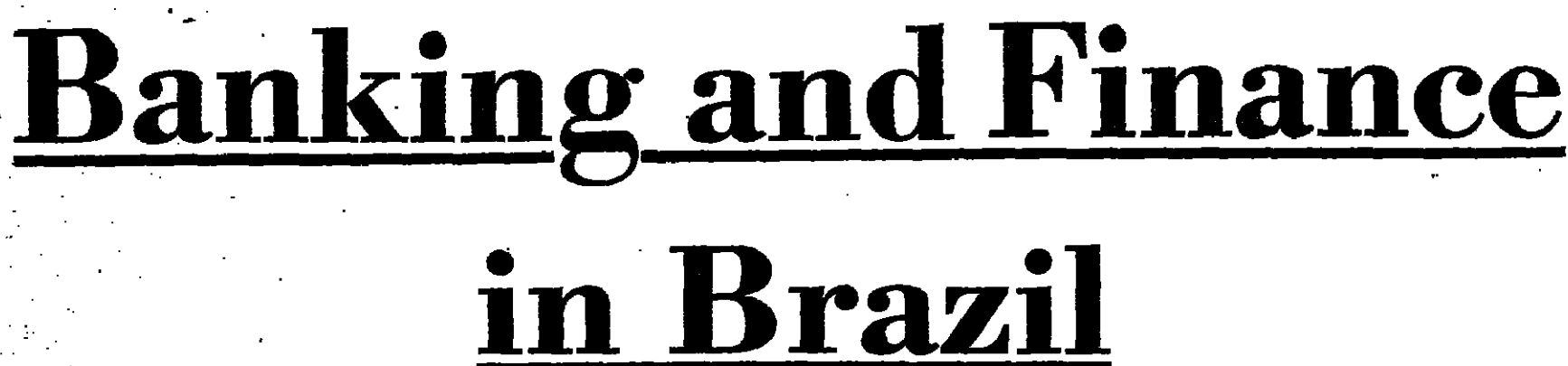
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By Tom Magerlin

(Continued on Page 10S)



**By Bill Sait**

## Reforms

(Continued on Page 106)





# Foreign Investors Continue to Ante Up for the Long Term

By Karen Lowe

**SAO PAULO (IHT)** — Foreign investors, once the grand gamblers in Brazil's economic bonanza, are counting their chips more carefully today and holding their cards a bit closer to the chest.

But while they are worried about the short-run profits, they are still anteing up because they expect investments to pay off in the long-run.

"In my children's lifetime, Brazil will take a seat at the table of the world's economic and industrial leaders," says W.E. Simon, ex-secretary of the U.S. Treasury. "I am certain of this. But right now, many businessmen around the world are less than enthusiastic about investing in Brazil. They are well aware of Brazil's potential, but they see things they fear as well."

Since 1972, foreign investments in Brazil have increased by \$1 billion a year, totalling nearly \$14 billion for 1978. However, fiscal year 1977-78 showed a \$74 million drop in total investments, a sign, some say, that investors are starting to gauge their investments more conservatively and entrench themselves in their chosen markets.

Brazil's economic strategists are wrestling with a voracious 46-percent inflation rate, a massive \$44 billion foreign debt, and a \$7-billion oil bill — half of 1979's predicted imports — all of which are playing havoc with the economy.

## Reshaping Economy

Foreign investors are feeling the effects of Brazil's struggle to reshape its economy. Businessmen complain that price controls, an over-valued cruzeiro, ad hoc policymaking, rising oil import costs and reduced public spending are biting into their profits. Since many of the foreign firms have made massive initial investments over the last two decades, however, they are prepared to ride out the short-term crisis.

"The larger firms are here to stay, good, bad or indifferent," says one Brazilian-American Chamber of Commerce executive.

Nonetheless, U.S. firms, which expect 25 to 45 percent more profits from investments in Brazil than they do from those in the United States, are slowing their investment rate because of the risks and the 12 percent repatriation limit on registered capital. Amounts in excess of that in a single year are heavily

taxed, though profits can be taken out of the country untaxed after a period of five years.

Still they come. "There is insecurity about the future of free enterprise in Europe, particularly in Italy, in France and even in West Germany. Companies are hesitant to put all of their investments in Europe. They are thinking of building a second leg outside of Europe instead," says Peter F. Giernoth, executive director of the Brazilian-German Chamber of Commerce.

Brazil is still the best choice in Latin America and one of the best in the developing world," adds Paul Brown, a consultant for the firm of Booz, Allen and Hamilton Consultants.

The country's allure is also heightened as more traditional markets become less attractive. The

shock of soaring oil prices over the past five years and the erosion of the dollar have changed the investment strategies of major foreign investors dramatically, according to Brazilian bankers. While real growth in Europe and the United States is moving along at 3 to 3.5 percent, Brazil is currently striding past with a 5 to 7 percent growth rate.

In Europe, the U.S. and Japanese companies, strapped with rising production and labor costs, are looking for new markets.

Among Brazil's drawing cards: a liberal policy towards investments, a fast-developing market of 120 million people, as well as high profits and low costs, by European standards.

Foreign businessmen also view Brazil as a kind of Third World go-

between. As developed countries that export heavily draw increasing criticism from underdeveloped countries that must import, one obvious way out is to base production in the country the firm would normally export to, and export to other countries from there. "Whoever comes to Brazil is looking at the long term effects of investing in a country that will be a leading economic power in the Third World and a base for dealing with other Third World countries," says Mr. Giernoth.

However, some businessmen say they succeed despite such incentives, not because of them.

"Some incentives that exist on paper may not be there at all," says an economic observer.

Yards of red tape, legal foot-

dragging on technology transfer payments, insistence of point-ventures for some benefits and attempts to make investment plans dovetail with government controls and export targets can tie up foreign companies for months, even years. Hence, some by-pass incentives out of fear of losing market positions.

Despite such drawbacks, however, corporate executives believe the potential rewards of investing in Brazil substantially exceed the risks.

"Brazil has been on the road to becoming a major power for several years," says Cyrus Friedman Jr., executive vice president of Booz, Allen and Hamilton Consultants. "But the challenges of the eighties far exceed the problems of the

seventies. We proceed, therefore, with cautious optimism."

As the dollar-pegged cruzeiro pales next to the mark, franc, pound and yen, European and Japanese companies are in a good position to benefit from such export strategy.

In the last few years, there has been a shift in the positioning of foreign investors as each country responds to its own domestic economic situation and that of Brazil. In 1978, the United States, which had been Brazil's leading foreign investor, dropped from a 1971 high of 38 percent of the total investment to 28 percent. Germany, on the other hand, rose from 12.4 percent in 1977 to 15 percent in 1978. Switzerland went from 10.9 to 12

percent, while Japan dropped from 11.2 to 10 percent.

Of the total investment in Brazil, 75 percent goes into manufacturing. The multinationals dominate the transportation, communications, metalworks, electrical and mechanical sectors, according to Jairo Loureiro, director of Chase Manhattan's Banco Lar Brasileiro, S.A.

## Manufactured Exports

The multinationals are important to Brazil, which is counting on manufactured exports to help beat its rising foreign trade deficit. In 1970, manufactured goods represented 15 percent of the country's total exports. They represent 30 percent today. The percentage of

textiles and machinery has increased fivefold since making these the fastest sectors. According to Loureiro, foreign firms account percent of these exports. But try to funnel future investment into other sectors, according to Loureiro, by using incentives both domestic and foreign into development such as energy and agriculture as areas that work to the serious balance-of-payments problem by reducing import stepping up exports.

With patience and effort, investors can get subsidies for joint-ventures with B payment for technology reduced tariffs on capital and tax breaks on some ment approved reinvestme

# Inflation-Cutting Measures Are Curtailing Bankers' Initiative

By Kerry Fraser

**SAO PAULO (IHT)** — Brazil's attempts to control its cantering 47-percent-a-year inflation and its soaring \$47 billion foreign debt are cutting into international banking here. Although some bankers have been able to at least partially protect their profits by going after new sources of income, their room to maneuver is restricted.

On April 17, the Brazilian government announced a complex cluster of economic measures that became unaffectionately known as the *pacote de abril*, the "April package." It aimed to slow the economy, curtail borrowing abroad, and cool prices, profits and interest rates. And though the targets were inflation and the foreign debt, international banks got caught in the line of fire.

Most important to international bankers was the government's decision to step on one of their major profit-making activities, here their foreign-currency-based lending to the Brazilian public and private sectors. To cut the flow of incoming loans, the government abruptly demanded a 50-percent deposit on the private sector's foreign financing, a move that doubled the cost of offshore borrowing, making it prohibitively expensive. On top of that, the government decided to curtail its own public sector demand for loans.

At the same time, in the same *pacote*, commercial banks' local funding capabilities were restricted. The minimum period for time deposits was raised from six months to a year, and commercial banks were told they could no longer issue certificates of deposit. This meant time deposits in commercial banks became much less attractive than those of investment banks, which could still issue certificates with instant liquidity in the secondary market.

The upshot was that even the international banks with commercial operations here, the ones that should have been best able to replace their offshore loan business with other moneymakers, have been at least partially cut off from alternatives. Banks with straight representative offices are in worse shape, and the reps themselves have been taking their holidays and longer lunches since April.

They really clobbered us," the representative of a German bank said shortly after the measures were announced. "No one wants to do business under these terms."

Fortunately for the bankers, the restrictions cannot be permanent. Brazil still depends heavily on foreign financing and can only staunch the inflow of loans while its hard currency reserves are sufficient to cover the gap in the balance-of-payments accounts. Some

bankers predict the public sector will increase the pace of its borrowing by late September, and the controls on the private sector will be relaxed around the end of the year. With the recent shift from a restrictive to a growth-oriented economic policy, the banking community thinks the controls may fall even sooner.

Of course, there is still work to be done. Trade financing has

been picked up, and a little public sector business is in the market. And some foreign banks have the structure here to turn to the local market and cruzeiro operations. But none of these provides a satisfactory substitute, especially for the banks that have only representative offices in Brazil.

The representative of a large German bank said: "It's not a full-time job anymore," but he tried to

look on the bright side. "We can make contacts for the future, and it gives you time for thinking and developing a new philosophy." Then he concluded almost sadly, "but we'd still rather be doing business."

Although trade financing is available, it does not attract many rep offices. They do not have the structure to capture the Brazilian end of the ancillary business and,

as a Canadian bank rep explains, "The time spent per transaction is high and the quantities are usually small. It's not justified on a gross-income-per-hour basis."

In some ways, Midland Bank representative Donald Pearson is in a unique position among foreign bank reps here. With the depth of Midland's operations abroad, Mr. Pearson has room to change his approach, and Midland wants to increase its Brazilian participation. "Being a conglomerate," Mr. Pearson says, "we have always looked at diversity. All I have done is change my emphasis."

In August, Mr. Pearson was in the final stages of organizing a joint venture in leasing with Bamerindus, a Brazilian financial group.

Much broader still is the scope of international institutions that have banking operations here. The Lloyds bank group, through the Bank of London and South America, BOLSA, has a 14-branch commercial bank, for instance. George Betts, the bank's exchange manager, said, "BOLSA's exchange department has been a source of funding for cruzeiro-loans locally. He explained that Brazilian banks are rapidly expanding their overseas branches and need dollars to run them.

BOLSA swaps foreign currency for cruzeiros, buying dollars forward and selling them spot.

## A Role Going Beyond Loans

**SAO PAULO (IHT)** — As representative of the Midland Bank group in Brazil, Donald D. Pearson lives graciously in two cities. In Rio de Janeiro, world-renowned for its beauty, he owns an apartment in the refined Lagoa district, where his family spends most of its time. In Sao Paulo, an agitated metropolis of 11 million and one of the most dynamic industrial centers on any continent, he has a second apartment in the exclusive Jardins neighborhood just a few minutes from the city's heart.

From his elegant office in Sao Paulo, Mr. Pearson looks after Midland's increasingly complex business in Brazil. Midland is a relative newcomer among foreign financial institutions in this country, and Mr. Pearson, who graduated

from the Harvard Business School in 1969, opened his rep office here in 1976. "The requirements of a group like Midland go beyond loans," Mr. Pearson says, and since joining the group nearly four years ago, he has been working to develop a "strategy to slowly and selectively complement its financial investments with institutional ones. "Loans, of course, are an important part of the business, but Midland is also involved here in merchant banking, travelers, checks, insurance and leasing, often with Brazilian partners."

Mr. Pearson explains the Midland approach saying, "If you look at your presence in Brazil as a permanent one, you can't tie yourself just to Eurodollar loans, which is an off-and-on business." And Mr.

Pearson personally shares this long-run approach to Brazil.

"I am committed to Brazil. All my professional life has been here, and I'm here to stay," he said. Born in New York in 1943, he got a military deferment to come to Brazil with the American government's U.S. AID agency. He administered U.S. AID's industrial lending program and developed a new scheme with the Brazilian government to support the local capital market. In 1973, he moved on to the top management of a Brazilian financial conglomerate.

Mr. Pearson, a reserved and slightly formal man, has considered changing his citizenship. "I feel as much a Brazilian as I do an American," he says.

—K.F.



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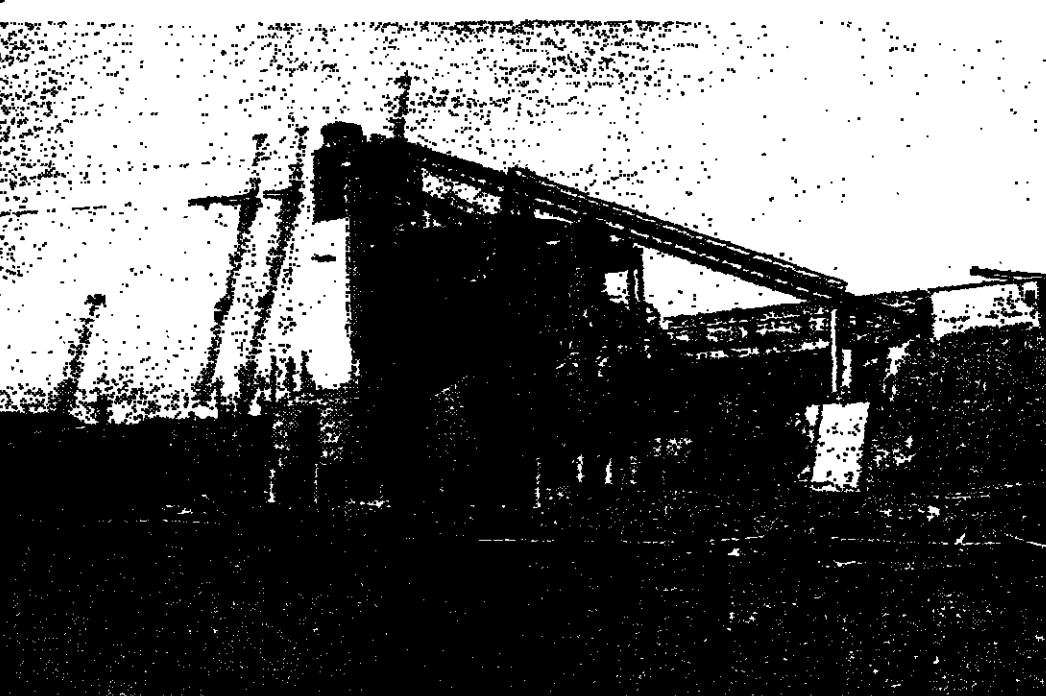
# 'Lack of Energy Will Not Hold Back Growth'

By Richard Cole and George Hawrylyshyn

PAULO (IHT) — "Lack of energy will not hold back Brazil's economic growth," declared Antonio Delfim Netto, the managing minister, shortly after Mario Henrique Simoesen, Delfim Netto's successor, told a congressional session in Sao Paulo that the country would use petroleum derivatives "without prejudice" to the nation's economic growth. His policies in this area, he said, would involve upping the country's already massive overseas foreign bankers understand and they don't see any in Brazil, like most countries, oil-price hikes since his overall high growth rates be need of the oil-exporting to recycle the petrodollars a distinctly silver lining even the darkest economic

involved in the government's energy initiatives. Virtually all of Brazil's energy production is in the hands of state-owned companies that will probably deal directly with foreign banks. Douglas Schneider, negotiator for Eletrobras, the government's electricity monopoly, said the government expects to increase that figure in 1980. "Most of our money is coming from the Eurodollar market," Mr. Schneider explained, "although lately we have been borrowing German Deutschmarks and yen." The government is now searching even further afield for loans and recently negotiated an agreement with oil-rich Kuwait. Brazil has floated two bond issues in the United States, but according to Mr. Schneider the country's bond rating in the U.S. market makes further issues less likely.

than 20 percent of the country's total imports. This year, the GNP growth will be under 5 percent, the foreign debt a staggering \$47 billion and the oil import bill a forbidding \$7 billion, more than half of total imports. Brazil depends on petroleum for 43 percent of its energy needs. Its oil-guzzling economy guzzles 1.13 million barrels per day (bpd), a rate that has been increasing 10 percent a year. Domestic production of crude comes to 168,000 bpd with about 960,000 bpd imported.



A view of Itaipu, the world's largest hydro-power plant.

promised to buy a total of eight nuclear reactors and a fuel recycling plant worth a then-estimated total of \$4.5 billion. But the program was plagued by mismanagement, construction delays, siting errors and charges of favoritism from the beginning. The government now officially estimates that the program would require \$13 billion to complete. Critics put that figure at closer to \$30 billion. Only one reactor has been completed. It is scheduled for testing early next year. Another is still under construction, and no one has decided where the third will go. President Joao Figueiredo recently told German Chancellor Helmut Schmidt that the accord would be honored, but lately government officials have been pointing to the treaty's fine print. They contend Brazil is only legally obligated to buy three reactors. The once cherished vision of 57 reactors covering this continent-sized nation by the year 2000 has vanished, and Brazilians now look toward several more promising alternatives.

mainly because of the poor quality of available reserves, which are high in ash. But in July, President Figueiredo approved the creation of the Procarvao National Coal Program, and allotted \$16 billion for it. By 1987, the government hopes to boost production to 61 million tons a year. This will substitute for about 15 million tons of imported petroleum. To get around the quality problem, Procarvao intends to sponsor research into coal-gasification technology. Britain's Coal Board has recently expressed interest in a joint venture with a company that has a majority of Brazilian capital. The British would supply gasification technology and \$300 million.

Foreign bankers here see Mr. Simoesen's replacement by the growth-oriented Mr. Delfim as an indication that the administration has decided to encourage foreign investors to finance its ambitious new energy projects. The hope of slowing the acceleration rate, which may be higher than this year, Simoesen had taken steps to Brazil's foreign loans. "There to be a 180 degree turn in the foreign loan policy," Peter Mason, financial officer for Imosen's Bozano-Simoesen said.

Investment Climate. Fortunately for Brazil, the scarcity of lenders is unlikely to be a serious handicap to its borrowing needs. Even though the go-go growth rates of the early '70s have slackened to more modest levels, both private European banks and institutions such as the World Bank still find Brazil's investment climate highly attractive.

Economy Measures. But the Brazilian government is giving top priority to its search for a solution to the oil crisis. It has promised a series of "war-time" economy measures, the first of which freezes imports at the present 960,000 bpd. A high-ranking national energy commission has been created to establish and enforce a policy that would make this country less dependent on imported petroleum.

Gasoline Surplus. The freeze on imports will be followed by higher gasoline prices, the closing of service stations on weekends, enforcement of an 80 kilometer-per-hour speed limit and improved mass transportation. An unexpected side effect of such efforts at conservation is an actual surplus of gasoline in Brazil.

position of growing its own source of renewable energy. It will take years to solve the problems connected with alcohol and to plant enough cane — or other crops — to supply all the alcohol needed, but the government has just budgeted \$5 billion for the world's only fully integrated nation-wide alcohol-as-fuel plan.

The government is campaigning for the increased use of electricity wherever possible. It is also turning its attention for the first time in many years to small regional hydro-power stations, which have been neglected in favor of grandiose projects like Itaipu. The smaller water drops were not even included in the latest hydro-power potential estimates. When they, too, are harnessed to provide energy Brazil will be able to count on a supply of hydro-power that will take it well into the 21st century.

Nuclear Promise. While most nations view alcohol as an exotic solution to energy shortages, in Brazil it is already old hat. On the other hand, nuclear power, which the industrialized northern countries long incorporated into their power grids, is only a promise in Latin America's largest nation. Under the controversial Brazil-West German nuclear accord, the administration of former president Ernesto Geisel

Wood Energy. In an effort to set up a coal-gasification plant in the port of Sepetiba, the state of Rio de Janeiro is courting foreign investors and has promised to improve transportation routes in the area as an additional incentive. Wood provided the main source of energy in the country until as late as 1950. Since then, consumption has remained constant while petroleum imports have soared to new highs. Lack of reforestation handicaps any large-scale effort to bring back the pre-1950 balance, but wood remains the cheapest and most available fuel in much of the interior. Brazilian scientists are improving chimney design to cut down heat loss and increase the efficiency of what remains the most important source of energy in rural areas.

Incentives. predicted, the government reactivate law 4131 and rescind, which provide incentives, eight investors in Brazil. "I can't count on internal to finance new energy us," Mr. Mason said. "Most n will be financed from the 'lar market in Europe." He that the government has take steps to raise capital interest, however, including hiking in new cars and gasoline. staggering amount of capital to underwrite programs tens of billions of dollars it unlikely that the local g and financial sector will be

With billions of petrodollars floating around European money markets, low-risk, high-yield, borrowers like Brazil are almost in a position to name their terms. On a recent visit here, University of Chicago economist Robert Aliber went so far as to suggest that Brazil may have gained more as a result of the influx of Eurodollar loans than it lost in increased oil costs.

While Brazil's economic growth may have taken some knocks from the Organization of Petroleum Exporting Countries (OPEC), the country is ahead of most in its search for solutions. In 1973, Brazil was at the height of its economic miracle. It had a 10 percent GNP growth, a foreign debt of only \$9.5 billion and an affordable \$740 million oil bill — less

Brazilians have been more successful in their search for oil abroad than at home. In Iraq, they found what is probably the biggest strike of the decade — the 800,000 pbd Majnoon field — but harsh contract terms limit Brazilian profits from it. The first big strikes at home were made 30 years ago in Bahia, where most of the old wells are rapidly being depleted. The Campos offshore fields, discovered in 1974, was the next big find but outside of these two areas, little oil has been found in the vast Brazilian

Brazil's tremendous hydro-power potential has always been taken for granted. Itaipu, the world's largest hydro-power plant with a capacity of 12.6 million kilowatts, is being built here. Itaipu will increase hydro-power output by 50 percent. Brazil's present hydro-power capacity is only 10 percent of a conservatively estimated potential of over 200 million kilowatts and accounts for only 26 percent of the country's energy supply.

Although not as promising as solar energy, wind power could be the ideal. The city of Campinas in Rio de Janeiro and the Aerospace Technical Center in Sao Paulo have both researched low-cost windmill assemblies that could efficiently generate about 10 kilowatts of electricity in isolated areas. Until the energy crisis of the '70s, consumption of coal in Brazil was low,

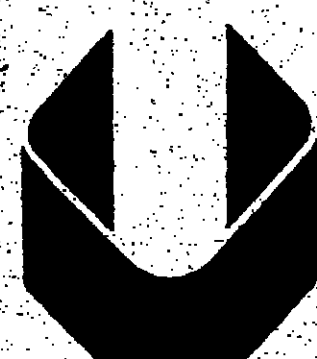
As in other nations, the rising cost of petroleum has produced renewed interest in tapping Brazil's shale oil deposits, the world's second largest after Canada. Petrobras, the state oil company, is already squeezing 1,000 barrels of oil a day out of shale at an experimental station, and intends to build a refinery in the southern state of Rio Grande do Sul that will extract 50,000 barrels a day by 1985.

For petroleum derivatives that cannot be fabricated from alcohol, mainly lubricants, specialists here are experimenting with good old castor oil. Brazil currently produces about 61 percent of the world's supply. Castor oil has proven an even better lubricant than petroleum products in a series of tests.

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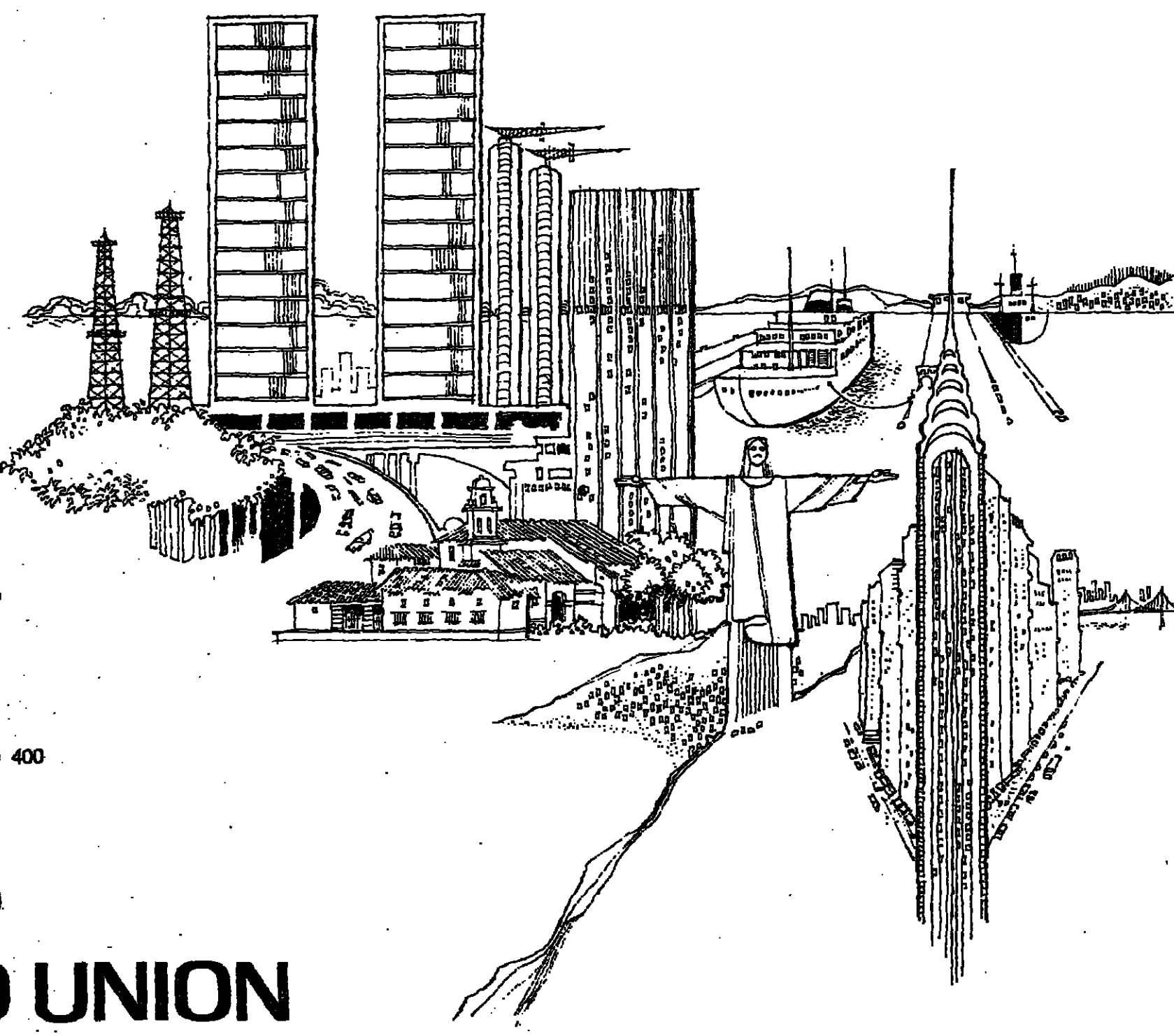
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## BANCO DE LA NACION ARGENTINA

"BANCO DE LA NACION ARGENTINA, A PLACE WHERE BRAZILIANS AND ARGENTINIANS SPEAK THE SAME LANGUAGE."

Almost 20 years ago Banco de la Nacion Argentina came to Brazil and since then it has been heavily involved in Brazilian development, in particular the fields of import and export, commercial financial transactions, the open market, exchange, including travellers cheques in foreign currencies, and foreign loans. Now Banco de la Nacion Argentina is attempting to expand its business still further through its two new luxury offices in Sao Paulo and Rio de Janeiro. Banco de la Nacion Argentina opened these two offices because it firmly believes that the greater the number of services a bank can offer, the wider its circle of friends will grow and thus improve relations between the two countries.

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## State Banks Dominate Long-Term Lending

By Brian Nicholson

**SAO PAULO (IHT)** — On the Brazilian coast five hundred kilometers northeast of Rio, more than 10 million trees are greening an area that, only 11 years ago, was fast becoming a desert because of indiscriminate burning and clearing.

This is the Aracruz project, an integrated forest-factory complex designed to produce 400,000 tons of bleached cellulose by 1981. Aracruz is regarded as a model of co-operation between Brazilian and foreign firms and the Brazilian government's two giant investment banks, the National Housing Bank, BNH, and the National Economic Development Bank, BNDE, which is putting up 45 percent of the estimated \$536 million total cost.

It is no accident that Brazil's largest development banks should be involved in a project of this magnitude. Almost all of the country's long-term loan market is in the hands of state institutions. In the wake of the economic miracle, over a dozen development banks are now spread around the country. Most of these are state or regional banks whose operations are geographically restricted. Of the three national development banks, the small, Brasilia-based BNCC specializes in credit for agricultural cooperatives, while the BNDE and BNH account for about 80 percent of the loans within the sector. If the BNH and the BNCC are included as development banks — purists might argue that their housing and agricultural credit objectives are too narrow for this general category — the figures show that nearly 65 percent of the sector's 1978 operations were in long-term financing. On the other hand, Brazil's investment banks, most of which are privately owned, had over three-quarters of their total assets tied up in short-term lending.

The different profiles of the development and investment banks are evident from their profits. Average earnings for the development banks in 1978 were put at 23.2 percent return on net worth, while the investment banks rang up a 38.3 percent return. A recent report noted dryly that short-term operations were "much more favorable."

Lower profits, however, are not the only reason for state dominance of the long-term sector. Both the BNDE and the BNH have a regular and fairly predictable source of cheap cash from the government.

Eight percent of each registered employee's salary must be deposited in a special fund that builds up into retirement benefits and provides protection against some forms of unemployment. The fund is channeled to the BNH, which is merely obliged to match the inflation-linked "monetary correction" adjustment plus 4 percent. This steady resource flow enabled the housing bank to push its loans total to just under \$12-billion by the end of fiscal 1978.

The BNDE is also fed by two labor-related government funds, which poured a hefty \$1.6 billion into its coffers last year, 45 percent of the bank's new resources. Foreign borrowing, up 76 percent in 1977, added a further \$480 million, or 14 percent of the total, while loan repayments and interest made up much of the remainder. Like the BNH, the BNDE must guarantee to match inflation plus a small amount of interest on the labor funds it receives.

"The BNDE was created to fill gaps where there were no other financial institutions with the necessary resources," noted the bank's president, former BNH director Luiz Sande, who took office this year. Mr. Sande was replying to criticism that new government priorities in agriculture and consumer durables, which will mean a greater number of smaller loans for the BNDE, might weaken the institution.

In its 27-year history, the bank has passed through a number of phases, starting with infrastructure development in the early fifties, which later made room for Brazil's massive steel development program that same decade. With the 60s, came a more general angling towards capital goods that was to be bolstered in the 1974 post-oil-crisis search for "import substitution."

But these were only general priority changes, not complete shifts in lending patterns," explained Jose Emilio Nunes Pinto, head of the bank's Sao Paulo office. Forward projections suggest the same will be true of the agriculture drive: despite its importance in government programs through 1984, farming is nevertheless scheduled to consume only 15 percent of the bank's total lending. Loans will be for agriculture-related infrastructure development. Base industry is not complaining about the apparent cold-shoulder from its former backer.

With a recent study showing many firms' orders 50 percent off, an industry spokesman said what was needed now was indirect help. The BNDE had to finance, not so much the manufacturers of capital goods, he said, but the growth of potential purchasers.

The BNDE has spawned a number of subsidiaries that act in specific fields. One stimulates the production of raw materials, focusing on nonferrous metals and fertilizers, while another, smaller concern operates in the capital goods market financing one-off large projects. A third makes capital injections in private Brazilian companies that have "sectorial or regional importance." In the latter case, Mr. Pinto was careful to point out, the bank takes no voting preference shares. While the BNDE does not extend this kind of help to foreign firms, it will countenance joint-venture operations, taking a fairly nominal voting stake to keep a balance between the partners. But active intervention would occur only in the case of a deadlock. "And then we'd be looking to the good of the project, not just what the Brazilian



company might want," Mr. Pinto emphasized.

By far the largest of the BNDE's four subsidiaries is FINAME. Set up in the early 60s, it aims to provide financing for the "purchase and sale of Brazilian-made machinery and equipment, along with locally assembled industrial components that have a high proportion of national content." FINAME was responsible for handing out some \$840 million in loans last year, 90 percent of total capital goods aid. While this credit can be extended to sales of goods by companies that are not Brazilian-owned, there are stringent rules governing the proportion of local content and the availability of alternative financing.

The BNH housing bank traces its history back to the period just after the 1964 coup d'etat. Years of spiralling inflation had caused savings bank deposits to dwindle, and the building materials industry sat on an estimated 50-60 percent idle

capacity. In the three decades since the 30s, just 123,000 houses had been financed by savings funds. The dearth of construction meant the loss of many thousands of badly-needed unskilled jobs.

Monetary correction was part of the military government's answer. Personal savings would be protected against inflation in savings banks. Today the \$20 billion deposited with savings banks and similar institutions makes Brazil the fourth-ranking personal savings market in the world. But this pool is potentially short-term volatile. To ease its use for housing finance, the BNH stands as second-line guarantor. The BNH also acts more directly in providing financing for a number of different habitation schemes. In the Aracruz cellulose development, for example, the BNH is using its special program for an "industrial development pole," along with the CEF federal savings bank, to build what is effectively a new town for over 1,000

families. Initial planning of basic water, sewage, and facilities and allows for the of an urban nucleus. In the housing bank sees itself in helping the country's expansion.

At the world's largest power station, Itaipu, being constructed on the River, the BNH has stepped cash to give birth to a co-worker settlement "which is the beginning of a whole new according to one bank. While two-thirds of BNH goes to housing projects, it also has dealings in real estate. Around \$200 million, he pumped into the Sao Paulo. The city's massive sewer basic sanitation drive was named by the housing bank tholomew Ruano de Miran heads the BNH operation: city, pointed out that this lending is a valid use of the resources. "Back in 1960, I showed that half the nation ing was without basic ser we help in these areas, we increase what we could d the habitable stock," he exp

A second point, according Miranda, is that the bank does change varied rates of for different types of. While the monetary correct 7 percent it agreed to for. Paulo works was cheap by standards; it still enables it to lead for priority low-income grams at rates as low as m correction plus 1 percent. If one underlying fact of im concern to federal author flected in the programs of t major development bank: Brazil's swelling population standing at an estimated 1 lion and growing 2.6 per year, drift from the land ce to produce a national need over one million new jobs e months just to stand still. U gions count around 600,0 families annually, adding u unending demand for mo jobs and houses.

## New President Liberalizes

(Continued from Page 75)

criticism by legal and church spokesmen, however, most politicians agree that President Figueiredo has stolen the amnesty issue from his opponents.

He has been less successful, however, on issues involving labor relations and political party reform. Under Brazil's current labor code, most labor-management disputes are settled by labor courts, and wages are subjected to such tight controls that strikes are almost always declared illegal. In his first weeks in office, President Figueiredo shocked Brazil's young, aggressive labor leadership when he permitted the labor ministry to take formal control of Sao Paulo's striking metalworkers' union. Union leaders chose to avoid a confrontation by accepting a token increase.

Labor Minister Murilo Macedo has already expressed his view that Brazil's labor code is "outdated." The administration is preparing a proposal for a new code, which is expected later this year, but labor leaders are not expecting significant liberalization.

Leaders of Brazil's two legal political parties, ARENA and the opposition MDB (Brazilian Demo-

**In his first weeks in office, the president shocked Brazil's young, aggressive leadership when he permitted the Labor Ministry to take formal control of Sao Paulo's striking metalworkers' union.**

cratic Movement), are preparing for the first major revision of the party system since 1965. Concrete proposals for a new political parties law are expected by December. Justice Minister Portella will probably use various constitutional devices to create a de facto limitation on the number of new parties that can be created.

Political observers had originally expected the administration to permit a general party reorganization that would result in five or six political groups rather than two, with no single party controlling congress. But sources close to President Figueiredo were quoted in July as saying he will use every constitutional device possible to guarantee the continued majority status of whatever new government party emerges from the reorganization. Under the new law, ARENA leaders are given a better chance of keeping their party together than the MDB opposition party president, Deputy Ulysses Guimarães, and the so-called *autentico* left-wing

faction. The government-sponsored amnesty, say some observers have been designed to push position even further toward

lution. Among exiled political who are expected to return zil and resume partisan as are former leftist governors Arraes of the northeast s Pernambuco and Leonel Bri Rio Grande do Sul in the Mr. Brito, noted for his tie in rhetoric in pre-coup day, ready coordinating the reb the old Brazilian Workers' P is unlikely that President Fi do will tolerate the establish of a united congressional tion, nor is the administration to permit congress to assume its pre-1964 powers. On the hand, as political scientists out, the regime will have to der more and more control to to win support for its policies. President Figueiredo's effort to deal with this problem be the major test of his govts over the next six years.

## Planning Portfolio Goe To Growth Advocate

(Continued from Page 75)

with the government's wage policy and a willingness to get tough to back demands.

Helmut Vervuert, chief executive of the Brazilian subsidiary of Siemens, the German transnational, said: "For the past three or four years, the purchasing power of the great masses has not grown. Perhaps it has even declined. I see a great danger in this. We need improvement, little by little, day by day. If people see progress, even in small amounts, they will be patient."

Jose Mindlin, top executive of a large auto parts manufacturer, Metal Levy, and one of Brazilian industry's most important spokesmen, said "I don't think it's good to have an economic boom now because it concentrates income. Few people can accompany the necessary investment," and Luis Carlos Brasseur Pereira, an economics professor and the financial director of Brazil's largest supermarket chain, Pao de Acucar, described Mr. Delfim Netto as "the right's last hope."

There is little doubt Mr. Delfim Netto will have time to try. Social tensions are not near boiling yet, and the economic outlook is good.

Just before Mr. Delfim Netto over a survey of 2,246 business by the official Getulio V. Foundation showed expectations continued buoyancy into the 1 quarter. Real GNP expansion year will be near 6 percent.

And even the energy pro look traceable. Although Brazil ports slightly over 80 percent million barrels a day, consumption has alternatives in the near term. Alcohol is receiving attention, and although segment delays have been cri by the middle of the next of this fuel source will be impo At the same time, the govern is supporting the development Brazil's low-grade coal de and is investing heavily in search for domestic oil while electric and nuclear power being hastened.

With his characteristic dence, Mr. Delfim Netto "Brazil does not have serious leas: It is one of the few rich le countries. Energy is sim larger challenge which we are to have to conquer, and I Brazil is going to adjust its ted ogy in the field of energy more idly than other countries."

## South America Olé! The Latin American BV Lion



Bayerische Vereinsbank's South American

American network under the name Union Bank of

presence has developed from a strong base in Brazil formed by our representative office in Rio and our banking associate, the São Paulo-based Banco Itaú de Investimento S.A. From here our delegate Dieter Hase cultivates the bank's business links with Chile, Argentina and Uruguay. In Venezuela a representative office operates in Caracas and a contact office in Lima is due to become the bank's first business unit in Peru. Our South American offices cooperate closely with our North

Bavaria in New York, Chicago, Los Angeles, Atlanta and Cleveland and are backed up by the bank's international organization of branches and representative offices in the world's major financial centres. BV's South American commitment reflects our desire to provide this fast-expanding market with the financial services it needs in all spheres of business opportunity. Our men-on-the-spot are ready to help you find practical and appropriate solutions to your individual problems.

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حسب ما في الأصل



## Old Hits Record \$316.75

**End** — **DON, Aug. 28 (AP-DJ)** — Prices surged to a record high of \$316.75 in the afternoon, up from \$315.75 in the previous high but the gains were consolidated in the session and ended at \$315.75.

Strong demand seemed to be the reason for the rise. The S. market was finding some relief at this level and (the se) hard to digest, one dealing was somewhat subdued.

ay, with the London market for a holiday, and bullion at \$314.20 on the New York City Exchange, up \$2.90 (today's level).

week's upward momentum in London this morning, fixing of \$316.20 (topping a record \$314.75 and prices rier in the afternoon until consolidation, traders said.

**Forecasting Difficult** — "It is difficult to say what gold will do tomorrow. There have been many factors at all, just a continuation of the recent rally," a remarked.

reign exchange trading, stepped the \$2.25 level for the since Aug. 3 in light turn-spirite a rise in U.S. banks ending rates to a record 12 1/4.

The pound was at \$2.2335, morning trading and to end at \$2.2505, up from in New York late yesterday.

ng's rise was attributed by principally to strong demand. "It was a continuation of the movement that began one dealer said. "There's a market feeling for sterling."

Jollar finished little changed day against most other currencies though dealers said it firmed somewhat on the comment that a number of U.S. banks had raised their ending rate.

**Fundamental Factors** — "gold specialists say a number of factors should be damping. Others say long-term could sustain the current rate of gold."

bullion dealers cite rising rates — which usually draw out of bullion — speculation the U.S. Treasury might re gold and growing concern of a U.S. recession as vital gold prices will drop.

bulls assert that the Soviet will offer significantly less sale, thus buying prices. Soviet gold sales have been 5 percent from the year-end.

Tom Butler, a commodities at Consolidated Gold of London, predicts that So- for the year will decrease to about 9.6 million ounces, a first half of 1979, profits 5 largest U.S. oil companies 63 percent from last year to an average 15-percent other industries.

despite President Carter's that the oil companies have d" their profits by buying rants and motel chains" spending by the largest oil ies was 1 1/4 times earnings first half, the American Pe- Institute reports. The in- group notes that two-thirds expenditures were in the States, primarily for oil operations — ex- plo- development and pro- duc- tion.

ally, however, big oil's cap- itals have exceeded profits aies; expenditures averaged as after-tax earnings since 13 Arab Oil embargo and d 1.5 times profits in the is before that.

**Other Areas** — "the large proportion of any budgets being spent upstream activities, that is that has been building slow- past dozen years due to a 4 big, new oil fields and in- drilling costs."

industry critics notice when panies reach far afield of aditional pursuits.

from its widely-publicized e of Montgomery Ward, a s ago, Mobil has quietly ad- more than \$100 million state in the past few years, holds \$37 million of land.

ticularly among industrial products and jewelry makers, which account for about 32 million ounces of gold a year.

Major demand for gold is coming, too, from Mideast states, particularly Saudi Arabia. Some dealers say the region is buying 30 percent of gold offered for sale.

## Poehl Reportedly Picked As Bundesbank President

By John M. Geddes

**BONN, Aug. 28 (NYT)** — The West German government will nominate Bundesbank Vice President Karl Otto Poehl for the central bank's presidency next month, a high government official said here.

The nomination will be presented at a meeting of Chancellor Helmut Schmidt's Cabinet, most likely on Sept. 19, the official said. Cabinet approval is expected to be pro forma, as is subsequent approval by the central bank's council and the federal President, Karl Carstens.

Mr. Poehl, 49, would assume the post at year-end, taking over from Oskar Emminger, 68, whose term ends in December. Mr. Poehl will be nominated for a term of seven or eight years, the official said.

The rise of Mr. Poehl among the possible candidates for the office coincides with the withdrawal by Wilfried Guth, Deutsche Bank chairman, of his name from consideration. Mr. Guth, 59, who was known to be the chancellor's favorite for the post, reportedly preferred to remain with the country's largest bank.

**Poehl Preferred** — However, the government source also stressed that officials at the central bank have expressed a marked preference for Mr. Poehl when consulted about the nomination. They were said to have cited his expertise and knowledge of Bundesbank operations in favoring him for the post over others.

Nonetheless, Franz Josef Strauss, the conservative opposition's candidate for chancellor in the 1980 elections, said that, if Mr. Poehl, a Social Democrat, was named to the post, the "independence and objectivity" of the central bank would be damaged.

**Schlesinger as Aide** — Despite the charge by Mr. Strauss, few others expect Mr. Poehl's policies to differ from the strong conservative approach traditionally adopted by previous central bank presidents, including Mr. Emminger.

But to further insulate Mr. Poehl's nomination from charges of inexperience or fast-growing advocacy, the government is expected to nominate Helmut Schlesinger, currently a Bundesbank director, as the new vice president. Mr. Schlesinger, 35, has held various positions at the central bank since 1952.

On the other hand, Mr. Poehl is a relative newcomer to the Bundesbank, having been appointed to the vice president's post in 1977. Previously he had been a state secretary in the Finance Ministry, an economics adviser to former Chancellor Willy Brandt, and an official in the Economics Ministry.

Mr. Poehl, an acknowledged expert on currency matters, was trained as an economist and held his first position with an economic forecasting group. In 1960, he became an economics correspondent for a number of the country's leading newspapers as well as issuing radio commentaries on the economic scene. Then, before moving into government in 1967, Mr. Poehl left journalism and took a post as an executive with the country's banking association.

**Diversification Relatively Modest** — "We didn't agree on any of these points," adding, "I for one, am very disturbed at being identified with unqualified generalities, such as willingness to fight inflation 'at all costs,' which, he said, could sharply slow the economy. From then on, a few more fleeting attempts at depicting a consensus were embarrassedly laughed away and the participants made clear they disagreed not only on what constitutes the 'world economic crisis,' but on whether one exists."

Individually, though, panel members made some points which, at least to each other, were provocative. A key element of the crisis is that "the U.S. seems to have chosen inflation," as evidenced by the rise in consumer prices so far this year running at around a 13-percent annual rate, observed Kurt Richebacher, executive manager of Dresdner Bank. It also worries him that West Germany has "fiscal lawlessness even more than (the United States)," but that this is not very evident because of a more stringent monetary policy, "we control prices by freezing out our investment."

Based on the panel's dinner Sunday with Federal Reserve Board Chairman Paul Volcker, what worries the Fed chief is how to change "market expectations" away from further rapid inflation. Mr. Birnbaum reported.

The chairman wonders, Mr. Birnbaum said, whether it might require "dramatic action" to dispel inflationary expectations, whether

Oil was found off Cameroon by a subsidiary of Cie Francaise des Petroles, Total Exploration. The find is reportedly high, good quality oil. Operator Total Exploration and Mobil Exploration each have a 50-percent stake in the find. Further drilling is necessary to determine the size of the strike, 80 kilometers off Victoria in 45 meters of water.

**Beecham Group** has made a cash offer of \$85 million for Jovan Inc., a Chicago-based producer of fragrances and perfumes. The British company says the offer has been accepted by controlling shareholders of Jovan. The acquisition will be financed partly from borrowing and partly from company resources, Beecham says. Jovan's pretax profit in 1978 was \$12.1 million on sales of \$78 million. Jovan's net assets amount to some \$30 million.

**The French metals and chemicals group** Pechiney Ugine Kuhlmann has sold most of its interest in Rhone-Poulenc, the chemical and textile group. PUK says it sold the shares on the Paris Bourse over the past two months. At the end of last year, PUK had 1.44 million shares of Rhone-Poulenc in its portfolio, equal to 7.6-percent control. PUK, which gave no reason for the move, adds that it reduced its shareholding with the full approval of Rhone-Poulenc.

**Japan** exported 377,180 four-wheeled vehicles in July, up 6.4 percent from the year-ago month, reports the Japan Automobile Manufacturers' Association, but down 1.2 percent from the June level. Shipments to the United States accounted for 173,684 units, up 16.6 percent from a year ago. Exports to Western Europe rose 15.7 percent to 77,120 units, the association says. Motorcycle exports totaled 213,408 units, down 14.1 percent from last July but up 14.6 percent from the previous month.

"They've got \$30 billion to spend in the second half of this year against \$10 billion in the first half," one analyst says.

Another factor buoying gold's price is the brisk sale of gold coins, with 25 percent of South Africa's production going into Kruggerands.

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## News and Notes

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**Japan** exported 377,180 four-wheeled vehicles in July, up 6.4 percent from the year-ago month, reports the Japan Automobile Manufacturers' Association, but down 1.2 percent from the June level. Shipments to the United States accounted for 173,684 units, up 16.6 percent from a year ago. Exports to Western Europe rose 15.7 percent to 77,120 units, the association says. Motorcycle exports totaled 213,408 units, down 14.1 percent from last July but up 14.6 percent from the previous month.

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## U.S. Trade Deficit Declines

**WASHINGTON, Aug. 28 (Reuters)** — The U.S. trade deficit fell to \$1.1 billion in July from \$1.9 billion in June, the Commerce Department said today.

The news had little impact on the dollar as trading in Europe had already ended. However, New York

dealers noted that after the announcement the dollar firmed slightly against the Deutsche mark with the dollar at 1.8321 DM.

Exports rose to a record \$15.7 billion in July from June's \$15 billion, while imports fell to \$16.8 billion from \$16.9 billion.

In the year-ago month, the deficit was \$2.9 billion on exports of \$11.7 billion and imports of \$14.5 billion.

The deficit for the first seven months of this year totaled \$12.9 billion, down from \$20.1 billion in the 1978 period. Seven-month exports rose to \$99.5 billion from \$78.3 billion, while imports gained to \$112.4 billion from \$98.4 billion.

The lower July deficit reflected higher surpluses in trade in both agricultural and manufactured products. Agricultural exports rose to \$3.2 billion from \$2.9 billion in June, while imports fell to \$1.3 billion from \$1.6 billion, leaving a surplus of \$1.9 billion against \$1.3 billion.

Manufactured exports gained to \$9.8 billion from \$9.7 billion, while imports fell to \$9.1 billion from \$9.5 billion, leaving a surplus of \$754 million against \$164 million.

By contrast, the deficit in trade in petroleum products rose to \$4.6 billion from \$4.1 billion. The deficit in iron and steel mill products rose to \$386 million from \$365 million.

The department also said that exports of non-monetary gold rose to \$462 million in July from \$312 million in June while imports fell to \$84 million from \$114 million.

The U.S. trade deficit with Japan narrowed to \$485 million from \$778 million in June and the deficit with West Germany was cut to \$167 million from \$264 million in June, the department noted.

The U.S. deficit with OPEC countries widened to \$2.3 billion from \$1.8 billion in June.

**Foreigners Lift U.S. Investment** — **WASHINGTON, Aug. 28** — Foreign direct investment in the United States rose a record \$6.23 billion, or 18 percent, last year to \$40.83 billion compared to a rise of \$3.83 billion in 1977, the Commerce Department said today.

It said that the 1978 increase reflected a \$4-billion gain in equity and intercompany account flows as foreign investors expanded their holdings of, and loans to, U.S. affiliates. This investment rose \$2.2 billion in 1977.

Reinvested earnings of incorporated affiliates accounted for \$2.3 billion of the overall gain, which was rounded off by small negative valuation adjustments. The reinvested earnings were \$743 million higher than in the previous year.

Foreign parent companies' income from their U.S. affiliates increased 39.7 percent to \$3.96 billion.

The department reported yesterday that U.S. corporations and individuals increased their overseas investments 12 percent in 1978 to \$168.1 billion compared with \$149.8 billion at the end of 1977.

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**Wall Street Prices Lower Amid Slowing Turnover** — **NEW YORK, Aug. 28 (Reuters)** — New York Stock Exchange prices settled for a modest loss in moderately active trading today as institutional buyers apparently stepped to the sidelines.

Volume dropped below 30 million shares for the first time in four weeks, easing to 29.52 million shares from 32.05 million yesterday. Analysts said the market was continuing a consolidation phase after a strong advance over the



## NYSE Nationwide Trading Closing Prices Aug. 28

Tables include the nationwide prices up to the closing on Wall Street.

12 Month Stock	High	Low	Div. in 5 Yds	P/E	100s	High	Low	Div. in 5 Yds	P/E	100s	High	Low	Div. in 5 Yds	P/E	100s
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
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29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2

## MAPCO IS LP-GAS, BUT.

225 MAPCO-owned and distributor-owned Thermogas brand retail LP-gas outlets also sell appliances and liquid fertilizer in 11 states. MAPCO also produces and markets oil, natural gas, gas liquids and coal, operates LPG and anhydrous ammonia pipelines, and produces and sells sonic instrumentation devices.

For a closer look at MAPCO's diversification and profitable growth, write for our current report.

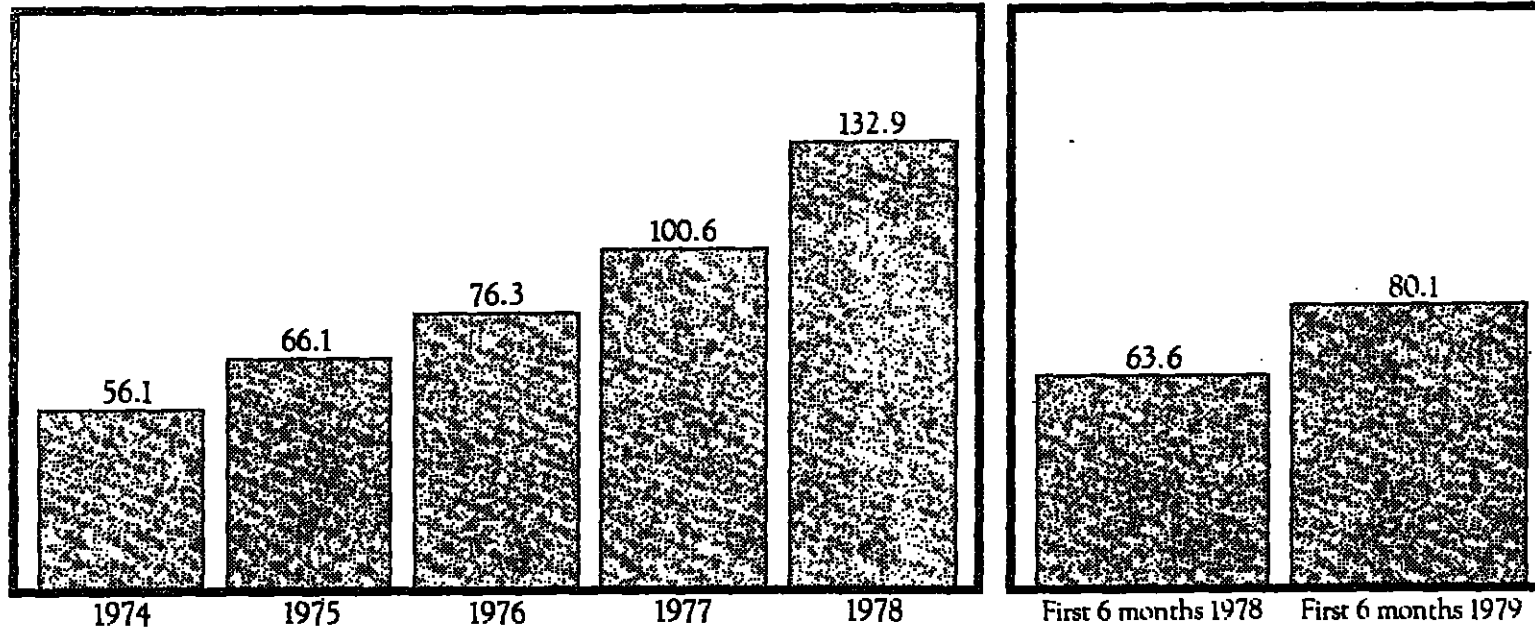


Dept. P, 1800 S. Sanderson Ave.  
Tulsa, Oklahoma 74119  
SYMBOL: MDA • NYSE  
NYSE • PSE

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29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2

## Security Pacific keeps on growing.

Net Income (\$ in millions)



## Security Pacific Corporation Financial Highlights

AS OF JUNE 30, 1979

	1978	1979	Increase
Assets	\$20,238,000,000	\$22,261,000,000	10%
Deposits	\$16,211,000,000	\$16,243,000,000	—%
Loans	\$12,936,000,000	\$14,981,000,000	16%

Security Pacific Corporation is the holding company for Security Pacific National Bank, tenth largest in the U.S. We are headquartered in Los Angeles, the most dynamic market in the United States and a principal Pacific Rim trading center.

Our international banking group serves over 75 countries through 36 branches and offices in Europe, the Middle East, the Far East, Australia and Latin America.

We also operate separate subsidiaries that provide equipment leasing, mortgage banking, consumer and commercial finance, venture capital, pension fund management and a broad range of financial services.

We invite you to write for:

- 1978 annual report and 1979 quarterly reports
- Current quarterly Economic Report
- California International Trade Report
- Information about Security Pacific commercial banking services

Write to: General Manager, Security Pacific National Bank, at any of these addresses:  
2 Arundel Street, London WC2R 3DF  
Ulmensstrasse 30, 6000 Frankfurt 17  
10 Rue de la Paix, 75002 Paris  
Avenue des Arts 19H, 1040 Brussels

Security Pacific Corporation common stock is listed on the New York Stock Exchange, Pacific Coast Stock Exchange, and The Stock Exchange in London.



SECURITY PACIFIC CORPORATION

\*SERVICE MARK OWNED BY SECURITY PACIFIC CORPORATION

## Selected Over-the-Counter

NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED	NEW YORK LISTED
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
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29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2
29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2

## INTERNATIONAL FUNDS

ADVERTISEMENT

INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS	INTERNATIONAL FUNDS
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29% 25% ACF	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2	12.1	11.8	1.2	1.2	1.2

## International Stock Index

Index	Value	Change	Prev. H.
Amsterdam (1)	92.60	92.60	92.60
Brussels (2)	122.84	122.10	122.10
Frankfurt (3)	142.20	141.90	141.90
London (4)	462.00	462.00	462.00
Paris (5)	267.30	267.30	267.30
Rome (6)	86.19	86.19	86.19
Stockholm (7)	129.00	129.00	129.00
Switzerland (8)	640.00	640.00	640.00
Tokyo (9)	454.40	454.40	454.40
Zurich (10)	340.00	340.00	340.00

## European Market

(Yesterday's closing price in local currencies)

Market	Value	Change	Prev. H.
Amsterdam	92.60	92.60	92.60
Brussels	122.84	122.10	122.10
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Paris	267.30	267.30	267.30
Rome	86.19	86.19	86.19
Stockholm	129.00	129.00	129.00
Switzerland	640.00	640.00	640.00
Tokyo	454.40	454.40	454.40
Zurich	340.00	340.00	340.00

## Brussels

Bank	Value	Change	Prev. H.
Amsterdam	92.60	92.60	92.60
Brussels	122.84	122.10	122.10
Frankfurt	142.20	141.90	141.90
London	462.00	462.00	462.00
Paris	267.30	267.30	267.30
Rome	86.19	86.19	86.19
Stockholm	129.00	129.00	129.00
Switzerland	640.00	640.00	640.00
Tokyo	454.40	454.40	454.40
Zurich	340.00	340.00	340.00

## London

Bank	Value	Change	Prev. H.
Amsterdam	92.60	92.60	92.60
Brussels	122.84	122.10	122.10
Frankfurt	142.20	141.90	141.90
London	462.00	462.00	462.00
Paris	267.30	267.30	267.30
Rome	86.19	86.19	86.19
Stockholm	129.00	129.00	129.00
Switzerland	640.00	640.00	640.00
Tokyo	454.40	454.40	454.40
Zurich	340.00	340.00	340.00

## Tokyo Exchange

Bank	Value	Change	Prev. H.
Amsterdam	92.60	92.60	92.60
Brussels	122.84	122.10	122.10
Frankfurt	142.20	141.90	141.90
London	462.00	462.00	462.00
Paris	267.30	267.30	267.30
Rome	86.19	86.19	86.19
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Switzerland	640.00	640.00	640.00
Tokyo	454.40	454.40	454.40
Zurich	340.00	340.00	340.00

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In accordance with the provisions of the above Notes, Irving Trust Company, as Principal Paying Agent has been notified that the Rate of Interest applicable to the Interest Period August 28, 1979 through February 28, 1980 is twelve and one quarter percent (12 1/4%) per annum. The Dollar Amount payable on Coupon No. 6 for each \$1,000 face amount Bond is Sixty Two Dollars and Sixty One Cents (\$62.61) and the Interest Payment Date is February 28, 1980.

**IRVING TRUST COMPANY**  
*Principal Paying Agent*

August 28, 1979

*This announcement appears as a matter of record only.*

### *Asian dollar issue.*

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12 Month Stock	Sls.	Close	Ch'ge Prev	12 Month Stock	Sls.	Close	Ch'ge Prev	12 Month Stock	Sls.	Close	Ch'ge Prev
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[illegible]

	High	Low	Close	Ch'ge
9502 Petrofina	542½	41	42½	

12800 Perryville	15	15 1/4 + 3/4
3420 Pine Point	37	37 1/4 + 1/2
13000 Blinn	38	38 1/4 + 1/4

[illegible]

**Tuesday's**

### New Highs and Lows

[illegible]

**BRUSSELS, Aug. 28 (AP-DJ) —**

Belgium consumer prices rose 0.5 percent in August from July and

AMEX Index		Chg.		were up 4.6 percent from last year following a July rise of 0.8 percent, the government said today.
Low	Close	—	—	
3M	11/15/16-12/1/16	7-7 1/2	13 1/2-14 1/2	12 1/2-12 1/2
3M	12/1/16-12/1/16	7 1/2-7 1/2	13 1/2-14 1/2	12 1/2-12 1/2
6M	12 1/2-13 1/2	7 1/2-7 1/2	27 1/2-29 1/2	13 1/2-14 1/2
1 Y	11/13/16-11/13/16	7 1/2-7 1/2	21 1/2-16/15/16	13 1/2-14 1/2

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## U.S. Open Tennis

## Borg Heavily Favored; Evert Seeks 5th Title

ORK, Aug. 28 (AP) — Evert-Lloyd is poised to try as the U.S. Open Championships unfold here.

seeded No. 1 for the second year. Last year he lost in the final to Jimmy Connors, but he won his fourth consecutive title earlier this year and is firmly affixed atop rankings.

in the same position that at this time last year: He is the U.S. and Australian Open champion, as well as the Wimbledon singles champion.

After dominating the last year, he has lost to Martina Navratilova in the Wimbledon first-round opponent. He is seeded second, behind Chris Evert Lloyd.

who stormed away from the center court, dominating the first round here. He is seeded second, behind Chris Evert Lloyd.

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brilliant against Borg in the five-set Wimbledon final. His serve and hard flat strokes are still among the best in tennis, but he also has a backhand and some topspin to go with them. He is seeded fifth and will meet John Marks first.

Victor Poci may also be a troublemaker. He has climbed from someplace in the 40s at the start of the year into the top 10 in the rankings. He excelled in the French Open, beating Connors among others, before bowing to Borg. He is seeded eighth and meets Andy Kohlberg in the first round.

The other first-round men's pairings: No. 4 Vitas Gerulaitis vs. Mark Edmondson; No. 6 Guillermo Vilas vs. Omy Parnis; No. 7 Harold Solomon vs. Jose-Luis Damiani; No. 9 Eddie Dibbe vs. Tim Wilkerson; No. 10 Jose-Luis Clerc vs. a qualifier; No. 11 Brian Gottfried vs. Van Witsky; No. 12 Wojtek Fibak vs. Bob Carmichael; No. 13 Gene Mayer vs. Scott Davis; No. 14 Tim Gullikson vs. Eliot Teltscher; No. 15 Adriano Panatta vs. Kevin Curran; No. 16 John Alexander vs. Howard Schoenfeld.

The rest of the women's pairings: No. 6 Dianne Fromholtz vs. Diane Evers; No. 7 Wendy Turnbull vs. Marie Pinterova; No. 8 Kerry Reid vs. Rosie Casals; No. 10 Greer Stevens vs. Kathy Jordan; No. 12 Regina Marsikova vs. Sue Barker; No. 13 Sue Barker vs. Beth Norton; No. 16 Betty Stove vs. Beth Norton.

14-Year-Old Qualifies  
NEW YORK, Aug. 28 (UPI) — Sixteen men and eight women, including a 14-year-old American, Kathy Korvald, earned spots yesterday in the U.S. Open main draw.

Fleming Beats Tanner  
KING ISLAND, Ohio, Aug. 28 (UPI) — Peter Fleming upset top-seeded Roscoe Tanner, 6-4, 6-2, yesterday to win the Association of Tennis Professionals Championship here.

Higueras Wins Title  
BROOKLINE, Mass., Aug. 28 (UPI) — Jose Higueras, seeded No. 1, yesterday defeated Hans Gildemeister, 6-3, 6-1, to win the 52d annual U.S. Pro Tennis Championship here.

Marie Pinterova; No. 8 Kerry Reid vs. Rosie Casals; No. 10 Greer Stevens vs. Kathy Jordan; No. 12 Regina Marsikova vs. Sue Barker; No. 13 Sue Barker vs. Beth Norton; No. 16 Betty Stove vs. Beth Norton.

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Martina Navratilova, the Wimbledon queen, has never won the U.S. Open. She is seeded second, behind Chris Evert Lloyd.

## Pirates and Angels Lose; Orioles Split

## Richard's 2-Hitter Puts Astros Over Expos

MONTREAL, Aug. 28 (UPI) — J.R. Richard pitched a two-hitter and struck out 12 and Enos Cabell singled home two runs last night to lift the Houston Astros to a 3-0 victory over the Montreal Expos.

Richard (14-12) surrendered a fifth-inning single to Ellis Valentine and a ninth-inning single to Gary Carter as the right-hander recorded his 15th complete game of the season. Richard walked six and hit a batter while registering his second shutout of the season.

The Astros scored a run in the third, when Rafael Landestoy walked and moved to second on a sacrifice by Richard. Cesar Cedeno then doubled off Rudy May (7-2) for his seventh consecutive hit over a two-game span.

Craig Reynolds led off the sixth with a single and Scott Sanderson walked. Terry Pugh batted out in the ninth inning to give Los Angeles a 4-2 victory over Pittsburgh.

With Pittsburgh leading 2-1, Gary Thomsom singled with one out and Teddy Martinez ran for him. Von Joshua then delivered a pinch single, knocking out Kent Tekulve (8-7). Enrique Komo relieved and one out later served up Baker's 20th home run. Ken Brett (4-3) won in relief.

In San Diego, Paul Dade singled in Jim Wilhelm from second base with two out in the bottom of the 10th to give San Diego a 5-4 victory over Chicago. Kurt Bevacqua opened the 10th with a single off Willie Hernandez (4-3) and was forced at second by Wilhelm. Bill Fahey grounded out to advance Wilhelm and Bill Almon was walked intentionally to set up Dade's single. John D'Aquisto (9-12) was the winner.

In Philadelphia, Dan Driesen hit a two-run triple with two out in the ninth inning to lift Cincinnati over Philadelphia, 4-2. Dave Concepcion singled with one out and went to second on a wild pitch by Larry Christenson (4-10). One out later, George Foster drew a walk and reliever Ron Reed came on to issue a triple to Driesen, who continued home on Manny Trillo's throwing error. Tom Hume (9-6) pitched the final two innings to record the victory.

In the American League, at Bloomington, Minn., Jim Palmer won his first game in two months, lifting Baltimore to a 5-1 victory over Minnesota and a split of the doubleheader. Palmer (8-4) and Tippy Martinez combined to allow six hits. In the opener, Ken Landreux bounced a single to left to score Rob Wilfong in the eighth inning.

In Kansas City, Darrell Porter drove in three runs, including the game-winning in the 10th inning, and Amos Otis had five hits to give Kansas City a 10-9 victory over Milwaukee.

In Chicago, Bob Watson knocked in three runs with a double and single to lead Boston past Chicago, 4-3. Bob Stanley (13-9) went 7½ innings and needed relief help from Dick Drago, who retired five of the last six batters to notch his ninth save.

Yankees 7, Rangers 4  
In Arlington, Texas, Oscar Gamble hit the second grand slam of his career to help Tommy John and New York beat Texas, 7-4. John went seven innings and ran his record to 17-6.

Mariners 6, Indians 5  
In Cleveland, Joe Simpson doubled and scored when Bob Sison's grounder went through second baseman Duane Kuiper's legs in the 12th inning, giving Seattle a 6-5 decision over Cleveland. Byron McLaughlin, who pitched the final 5½ innings, notched his sixth victory in 10 decisions.

ball advanced the runners. Cabell then singled to center to score both runners.

Mets 2, Braves 1  
In New York, Eddie Solomon collected three hits, drove in two runs and pitched a seven-hitter to give Atlanta a 5-1 victory over New York. Solomon (6-10) singled in his first three at-bats, knocking in runs in the fourth and fifth. Kevin Kuhl (5-8) took the loss. Earlier, Alex Trevino's ninth-inning single scored Lee Mazzilli from third base with the winning run to give New York a 2-1 victory in a game that was suspended June 17 because of travel commitments.

Dodgers 4, Pirates 2  
In Los Angeles, Darryl Baker hit a three-run homer with two out in the ninth inning to give Los Angeles a 4-2 victory over Pittsburgh.

With Pittsburgh leading 2-1, Gary Thomsom singled with one out and Teddy Martinez ran for him. Von Joshua then delivered a pinch single, knocking out Kent Tekulve (8-7). Enrique Komo relieved and one out later served up Baker's 20th home run. Ken Brett (4-3) won in relief.

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Tigers 3, Angels 2  
In Detroit, Jack Billingham and Aurelio Lopez combined on a five-hitter to drop California to its fifth loss in six games. 3-2. Billingham (9-6) went the first seven innings and Lopez pitched the final two for his 15th save.

Blue Jays 7, A's 0  
In Toronto, Phil Huffman allowed just one hit — a sixth-inning leadoff single to Jim Essian — and Roy Howell had four hits, including a grand slam homer, to pace Toronto to a 7-0 victory over Oakland. Huffman's one-hitter was the 13th in the American League this season, breaking the record of 12 set in 1910 and tied in 1915.

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## The Soccer Scene

## Some Things Never Change

By Rob Hughes

LONDON, Aug. 28 (IHT) — Let the battle recommence.

Wide though the Atlantic ocean may be, it does not entirely divorce the anticipation of a red-blooded and perhaps vengeful evening in the North American Soccer League tomorrow.

The playoffs have reached their semifinals, and whereas the purer soccer may be played between San Diego and Tampa Bay, those with a taste for history and possibly war will look toward Vancouver Whitecaps vs. New York Cosmos for their thrills.

The coaches will undoubtedly preach sanity and calm. Undoubtedly, well, we can hope.

Hope, be damned, it is little over a month since Vancouver and New York erupted into a brawl which, in all honesty, I found Americans talking about with far more relish than they show toward any of the game's strategies or skills they have thus far witnessed.

Julio Mazzoli, the Cosmos' technical director, complained after that last encounter of wanting "soccer not ice-hockey... a game of beauty with finesse and skill." Inevitably, he blamed the English referee, Keith Styles, for the lack of self-control of the players.

Whose Fault?

Was it Styles' fault that New York's Iranian defender, Andranik Eskandarian, should start the trouble by hacking at the legs of Vancouver winger Willie Johnston? Was Styles to blame for the fact that fiery Willie, infamous for his 1978 World Cup drug abuse, should react as he always does, violently?

And what else could Styles do except scuff off the two of them, plus Vancouver's John Craven and New York's Giorgio Chinaglia, who exchanged punches in the ensuing fight?

The unfortunate referee just had time to order the intruding Pele's ejection from the field by police before he was himself assaulted by spectators. An unseemly occasion, perhaps, but, as I said, one that stirs the spectators' blood.

Oh, by the way, Vancouver won the match, 4-2, to complete an 8-3 rout of the Cosmos in the regular season. That could be where the history comes in: more of the same would unite the struggle of the New Yorkers and put the Whitecaps into a final against the Tampa Bay Rowdies, one of the best organized of American franchises. Fanciful? The NASL could benefit from a new, out-of-town champion, although it performs best on grass.

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in Florida rather than Astroturf on the Giants' stadium.

If, meanwhile, tempers do flare tomorrow night, one doubts somehow that Alan Ball will stand innocently by. He loves a scrap, the little red-head and seldom shirks either a challenge or a controversy.

In England, the coaches tend to call his instincts, "involvement" or "competitiveness." Though "Ballie" is now deep into his 34th year, his homecoming from Vancouver is awaited with gathering impatience by not one but two First Division clubs.

Manchester City, having blown last season's team apart and restocked with highly-priced kids, are attempting to negotiate Ball's transfer from Southampton. And, with Southampton keen to lure away Mike Channon, one of Manchester's few remaining internationals, the deal may be on by the time Vancouver has finished with Ball's summer services.

So, at an age when most players begin sinking into the lower divisions or quitting play to coach, Alan Ball is considering another new playing career. You can judge how he feels about it by the telephone call he placed from Canada to Southampton a fortnight ago.

Hearing that the Saints' start to the new English season was looking solidly accomplished, afraid perhaps that his captain's role was in jeopardy, Ball called manager Lawrie McMenemy: "Hey, Boss... Guess who? Hey, I'm playing ever so well, here... really, really well."

It is curious, too, that where Alan Ball at 34 might prove the

best of Manchester City's recent frenetic trading — a captain to drive as well as steer inexperienced talents — so Emyln Hughes, at 32, has begun a similar job at Wolverhampton Wanderers.

The two have much in common; their enthusiasm for the game outweighs the disadvantage of their years and their experience, each as England captain, is irreplaceable.

Ball and Hughes are men approaching middle-age with a schoolboy's belief in themselves and their prospects of success upon success. That trait, added to high-pitched voices which chatter incessantly through the action, is the camouflage to careers that have claimed 72 and 59 international appearances.

Neither is success tapering away. Hughes last season captained Liverpool to another championship and has been assured of his place in England's European championship squad: Ball, the youngest of England's 1966 World Cup winners, recently led Southampton to the League Cup final.

Alan Ball, a product of his father's obsession with soccer, now bullies and coaxes younger players through the 90 minutes. A pity, therefore, that he has accumulated gambling debts that forced him to move quite so often, and lost control of his own temper so frequently he could almost claim a record in banishments.

However, while Hughes has collected a dodgy, arithmetic knee in 13 years at Liverpool, Ball's enduring fitness carries on and on. In America he contests another championship, in England he has missed one solitary League game in 82.

All of it has come a long, long way since Ball and Hughes shared accommodation in Blackpool, where they began side by side a decade and a half ago. Hughes, the younger, recalls being driven to the training ground every day in Ball's flashy red car... and afterwards staying behind while Ball passed on the tricks of the trade in a private spell of over-the-shoulder coaching.

"If there's one thing that stood out about both of us in those days," says Hughes, "it was that we're among the world's worst losers. He hated losing at anything from tiddlywinks to cards. So did I... and we were renowned for bickering on the field if things weren't going particularly well."

On whichever side of the Atlantic — so things never change.

## Rugby Squad From S. Africa Invited to U.K.

LONDON, Aug. 28 (UPI) — The British Rugby Board today announced that it has invited a multi-racial South African team for an eight-match tour of Britain in October.

The decision was received with dismay by the British Olympic Association, which fears that Britain might be banned from the 1980 Moscow Olympics as a result. An International Olympic Committee rule permits the IOC to temporarily suspend nations that have sporting contacts with countries practicing apartheid.

Sir Denis Fellows, the British Olympic chairman, called the news of the tour "very worrying."

A spokesman for the English rugby board said that rugby came first. "Our only concern is to the game of rugby," the spokesman said. "I cannot see any reason why British sportsmen should not be able to take part in the Olympics in Moscow."

## Season Finishes Early for Hiller

DETROIT, Aug. 28 (UPI) — John Hiller,



